U.S. FOOD AID PROGRAMS: MEETING THE NEEDS?

HEARING

BEFORE THE

INTERNATIONAL TASK FORCE

OF THE

SELECT COMMITTEE ON HUNGER
HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, D.C., FEBRUARY 24, 1988

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U.S. FOOD AID PROGRAMS: MEETING THE NEEDS?

WEDNESDAY, FEBRUARY 24, 1988

INTERNATIONAL TASK FORCE,
SELECT COMMITTEE ON HUNGER,
Washington, DC.

The task force met, pursuant to notice, at 10:04 a.m., in room 2157, Rayburn House Office Building, Hon. Tony P. Hall [chairman of the task force] presiding.

Members present: Representatives Dorgan, Penny, Gilman, Smith, and Bereuter.

Also present: Representative Flake.

OPENING STATEMENT OF HON. TONY P. HALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. HALL. Good morning. My name is Tony Hall, and I have a statement, and I would like to briefly go over it.

I would like to welcome all of you to today's hearing before the Select Committee on Hunger. Today, we will continue our examination of the quality of U.S. food assistance programs which are intended to help people in need in the poorer countries of our world.

This hearing today is part of the Select Committee on Hunger's charge to investigate the causes and consequences of hunger and then to make recommendations to the entire Congress on how the U.S. Government can better participate in the critical global challenge to first alleviate and then eliminate hunger.

Our country is blessed with an enormous capacity to produce food, and the Hunger Committee wants to ensure that these God-given surpluses are put to the best possible use to help people in need.

We have been working for a number of years to improve the effectiveness of U.S. food assistance, particularly aid coming from the Public Law 480, title II program. The United States provides food to developing countries under two broad programs, among others. Title I provides food which is repaid from a loan on very concessional terms. Title II is grant food aid.

Today, we would like to focus on some provisions relating to food aid which were contained in the continuing resolution we passed last year and also examine broader questions concerning the effectiveness of famine relief.

We are concerned that these new provisions, particularly those concerning monetization, be implemented rapidly and vigorously and hope to hear from our witnesses that this indeed is the case.

Let me explain what monetization means. Monetization occurs when a private voluntary organization or a cooperative sells part or all of donated title II foods in a developing country for cash. It then uses this cash for various activities, including internal transport of this food and targeted feeding programs such as those for children and pregnant women.

We are also concerned about the limited country coverage of the famine early warning system. This system is a good example of how our country, with our great technological capabilities, can help the poorest countries of sub-Saharan Africa assess their food needs. Using satellite imagery, analysts in Washington can determine the progress of crops around the world, including in Africa. Such analyses are particularly useful, of course, in those countries where it is hardest to obtain accurate information from people in the country.

The select committee has vigorously promoted the importance of vitamin A, and we are concerned by the effects of the severely reduced availability of nonfat dried milk for use in both our international and domestic programs. We hope that USDA and AID are vigorously exploring both the possibility of fortifying alternative commodities such as grains as well as assessing the immediate need for providing vitamin A supplements to children in need of this essential nutrient.

We are joined by distinguished witnesses from the Agency for International Development; the Department of Agriculture; and also by a representative of an important private development organization, the Adventist Development and Relief Agency; and a noted researcher and scholar from the International Food Policy Research Institute.

We are glad that you are here. We look forward to your statements.

This session of the committee will be in two parts. There will be two panels. The first consists of Thomas Reese and Glenn Whiteman. Mr. Reese is the Director of the Office of Food for Peace at the Agency for International Development. Mr. Whiteman is the Deputy Assistant Administrator of the Foreign Agriculture Service of the Department of Agriculture.

Mr. Reese, if you will give your testimony first, we will then hear from Mr. Whiteman. Our questions will then follow.

I have seen some of your testimony. It is rather long. I would hope that you could either summarize or just read those very pertinent parts of your testimony. Thank you.

STATEMENT OF THOMAS REESE, DIRECTOR, OFFICE OF FOOD FOR PEACE, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. REESE. Thank you, Mr. Chairman. I will do that. I have submitted my statement for the record. If I could, I will present an overview or summary of my statement and then be happy to respond to any specific questions the committee may have.

I note the committee's particular interest in title II in which the President is authorized by Congress to furnish agricultural commodities to meet famine and extraordinary relief requirements to assist needy persons and nonprofit School Lunch and Preschool

Feeding Programs as well as promote economic and community development to friendly developing areas. We view the 1985 Farm Security Act and its recent amendments as stepping stones in an evolutionary process that continues to refine and hone our grant Food Aid Program in keeping with the above authorization.

As you know and just mentioned, Mr. Chairman, the 1988 continuing resolution increases to 10 percent the minimum amount of the nonemergency title II programs to be monetized, authorizes greater flexibility in these local currency generations and how these generations can be used to support the above title II objectives, establishes time lines for Government review of cooperative and voluntary agency title II proposals, and also encourages closer cooperation between the executive and voluntary community in the development and implementation of program guidelines.

As I noted in my statement, the Interagency Food Subcommittee of the DCC is in the process of implementing these refinements. We have met with representatives of the voluntary community to discuss these Title II provisions, and we are currently in the process of clearing new guidance with the Food Aid Subcommittee.

Concerning the new 10 percent monetization provision, we estimate that we have approved about $6 million of voluntary agency monetization proposals in fiscal year 1988, the current fiscal year. Approval of additional pending proposals would bring us to around 50 percent of the 10 percent mandate.

Accordingly, we are looking for additional monetization proposals in fiscal year 1988.

In addition to attempting to meet the monetization mandate, another concern for us in fiscal year 1988 is the subminimum of 1.425 million metric tons. That is to be programmed through voluntary agencies and the World Food Program.

Although we have developed new title II voluntary programs in places as diverse as Bolivia and Morocco, we currently estimate we may fall short of the subminimum in 1988. Indications are that we can meet the subminimum in fiscal year 1989.

In your letter of invitation, I note you asked specifically about crop estimates for countries of concern in Africa. These are Angola, Ethiopia, Malawi, Mozambique, and Sudan.

Each one of these countries represents, in one way or another, a tragedy of varying magnitudes played out in precarious situations. On the one hand, I am pleased to report that cooperation between the United States, other donors, and the U.S. system is excellent. Many concerted actions are underway to mitigate the human suffering in these countries.

We at Food for Peace are working with other elements of the U.S. Government to provide adequate food aid where needed.

I am willing, Mr. Chairman, now to answer any questions you might have regarding title II and our food aid efforts in these or other countries of interest to the committee. Thank you.

[The prepared statement of Mr. Reese appears at the conclusion of the hearing, see p. 40.]

Mr. HALL. Thank you, Mr. Reese.

Mr. Whiteman.

STATEMENT OF GLENN WHITEMAN, DEPUTY ASSISTANT ADMINISTRATOR, FOREIGN AGRICULTURE SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY MERLE BROWN, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE [ASCS]

Mr. WHITEMAN. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, we have submitted our written statement, and I would just like to briefly summarize a few points.

Assessing food aid needs is a particularly challenging task, because it impacts not only the recipient country, but it also impacts the donor community. In order to provide the best possible assessment of potential needs, the U.S. Government now has a forecasting group which four times a year updates its forecasts. The latest update was as of late January 1988, and it shows, particularly in the African area which is what we are concerned about today, shortfalls that would equal the 1984-85 levels.

This working group estimates the region's food production and stocks are some 5 million tons short of its needs.

Another major catastrophe in Ethiopia has already caused that country's food needs to rise by approximately 1.6 million tons. So, there is a really serious problem, as you stated, sir.

We are participating as the major donor in world cereals. The U.N. FAO estimates that total cereal programs will be 11.2 million tons this year which is more than the World Food Conference target of 10 million tons per year.

The United States is providing roughly two-thirds of this total, the European Community 15 percent, Canada approximately 10 percent, Japan and Australia approximately 3 percent. I think the important point is that the United States is contributing two-thirds of the total world contributions.

I would like to briefly highlight some of the tools that we have in the Food Aid Program from the USDA perspective. The cornerstone of the Food Aid Program, as you stated, Mr. Chairman, is Public Law 480. Funding, we believe, for fiscal year 1988 under this program is more than adequate to meet the needs.

The continuing resolution included two requirements regarding title II on which you asked us to comment, an increase in monetization and an expedited review process. As you know, in the Interagency Working Group, the USDA chairs on title I and title II, and the AID chairs title II. We are working with AID and will be happy to assist them in any way we can on an expedited review process consistent with our role as protecting the commercial exports and commercial interests of the United States.

Another topic that I would like to mention very briefly are the relatively new provisions of section 108 which is the local currency sales initiative which is a new amendment to Public Law 480 legislation designed to generate economic growth through the private sector in foreign countries. In fiscal year 1987, we signed local currency agreements with Sri Lanka, Tunisia, Morocco, the Dominican Republic, Jamaica, and Costa Rica valued at about $40 million.

A number of countries have questioned the benefits of this program. Some governments do not see the shortage of commercial loan availability as a real problem.

We are continuing to work with countries to try to show them the benefits and to encourage more participation in the local currency initiative.

I would also like to touch briefly on the food for progress provisions. The first food for progress agreements were signed with Guinea and Madagascar in fiscal year 1986. Under these programs, 30,000 tons of rice were provided to each of these countries during that year, and provisions were made to continue this on a 3-year basis, depending upon availability of commodities in the United States and their own needs.

As it turned out, neither one of these countries needed the commodity in fiscal year 1987, and we are now in the process of negotiating what would be the second tranche of that for fiscal year 1988.

In fiscal year 1988, we have invited other countries to submit proposals, and we very recently signed a new food for progress agreement with Ecuador.

Section 416 of the Agricultural Act of 1949 is the last provision that I would like to briefly summarize for you. Some concern has been expressed by the chairman already on the availability of commodities, and maybe we can address that a little bit.

As you stated, the success of the Food Security Act of 1985 in expanding exports and bringing U.S. production into balance with demand leads us to expect that the availability of CCC owned commodities will decline over time. Currently, CCC dairy and rice stocks are no longer available for foreign assistance programs. Soybeans are extremely limited, and only several classes of wheat remain.

The only commodities in CCC stocks of any magnitude are corn and grain sorghum. As you know, these are not usually the major items that the developing countries want to import under these programs.

The Secretary has determined that 1.6 million tons of commodities will be available this fiscal year under section 416, and we think that given the programming thus far, we will have no problem at all meeting that commitment.

I want to conclude by noting that we look forward to working with the Congress, the Administration and the Congress both being committed to not only greater food security in the world but a more efficient utilization of the food resources that are available to the United States.

This concludes my summary, Mr. Chairman. I would be happy to respond to any questions.

[The prepared statement of Mr. Whiteman appears at the conclusion of the hearing, see p. 71.]

Mr. HALL. Thank you, Mr. Whiteman.

We have a number of members of the select committee here, and I would like to ask if any of them have any opening statements, and I will start with Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

I do have a very short opening statement, and I would just unanimous consent to include it in the record.

Mr. HALL. Without objection.

[The prepared statement of Mr. Bereuter appears at the conclusion of the hearing, see p. 39.]

Mr. HALL. Mr. Penny.

Mr. PENNY. No, I don't.

Mr. HALL. Mr. Dorgan.

Mr. DORGAN. No, thank you.

Mr. HALL. Mr. Smith.

Mr. SMITH. I have no statement, Mr. Chairman.

Mr. HALL. I think what we will do, then, is get right to questions. I will try to alternate as we go back and forth. First, there are a couple of questions I would like to ask on monetization.

In the continuing resolution late last year that was passed, we increased the required level of monetization to 10 percent. My concern is that we passed legislation on monetization to increase the level to 5 percent in 1986, but implementation of this did not start until 1987. We haven't yet reached the level of 5 percent. Yet, as I understand your testimony, it is going to be almost impossible to reach the 10 percent level that was set forth in the continuing resolution for 1988.

Can you explain that?

Mr. REESE. Mr. Chairman, we had about $10.5 million of monetization in 1987 which was about 4.6 percent of the then-target of 5 percent. So, we were getting close, though I realize close is only good in horseshoes. It wasn't the 5 percent.

As you point out, the continuing resolution was passed in December, 3 months into the current fiscal year. We have redone our guidelines, we have discussed the guidelines and shared them with the voluntary agencies, and we do have a number of proposals pending which we will have under review within the next couple of months. However, again, this would only bring us to about 5.5 percent, not the 10 percent.

The problem right now is getting additional proposals, and we are working with the voluntary agency community. It has been a problem for them in terms of their feeding programs in terms of covering in-country costs, so we see this as useful as honing and improving the effectiveness of the title II program.

In direct answer to your question, we will be looking for additional proposals from the voluntary agencies, but it will be close in 1988, and, obviously, how we do in 1989 depends upon how well we do in fiscal year 1988.

Mr. HALL. Last year at about this time, we had a concern on monetization. We had a hearing on this, and there was a response. I think it did help push it a little bit, but, unfortunately, the policy guidelines that went out were very negative, and a lot of PVO's in the field were kind of slowed down as a result of the negative language——

For example, this is part of the guidelines that went out in May of 1987, and I will just read parts of it. It says "Monetization of grant commodities should normally be considered a last recourse for funding complementary imputs for project food aid."

I am sure that that guideline has been changed, and I understand you have new guidelines coming out in April. So, we are very concerned about that and that you move toward 10 percent moneti-

zation. I hope that you will keep us up to date. We would like to know what you are going to be doing to ensure that you are going to try to reach this 10 percent monetization level.

Mr. REESE. Let me just comment briefly on the guidelines, Mr. Chairman, because you did have the hearing a year ago. Indeed, from some of the voluntary agencies, we did sense that they thought the guidelines were overly negative.

We did follow up with a letter explaining that there is a sense of priority here in terms of these programs, that we are all better served if the host country can buy into the program, for example, in India where the Indian Government puts a great deal of its own money into the integrated child survival delivery system and plans to take that program over hopefully within the next 5 to 10 years.

So, there was a sense that the voluntary agencies and certainly ourselves are better served if you seek host government support. Then, there was a priority here of places to go to to seek funding. It was not meant to be construed as negatively as it was, and as I say, we did follow up with a letter and said that what we were trying to say here is that we want the host governments to buy into these programs if they can.

No. 2, we had said that on total monetization, they would be looked at case by case. Again, that, I think, was viewed negatively, so we followed up with a letter.

I think what is important, though, is the new guidelines have been better received by the voluntary agencies, somewhat more positively.

Mr. HALL. This is a big concern of this committee. We have followed this legislation. We helped draft the legislation originally, and it is something that we follow every year. So, we are very concerned, and the fact that the Congress of the United States, both in the Senate and the House, has picked this up and is pushing for levels even beyond the 5 percent should tell you that we want to work this out. We want it to be a more positive thing than what it has been in the past, and we are going to stay on this.

Questions of Mr. Reese or Mr. Whiteman?

Mr. SMITH. Mr. Chairman.

Mr. HALL. Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Whiteman, surpluses of agricultural commodities are generally considered the enemy of the farmer. Over the years, we have built up huge surpluses, as you are well aware, and you note that in your statement.

Over the years also, it has been difficult for people to understand why we build up surpluses of food and part of the world starves. It is hard for the people in this country to understand that somebody has to pay to get those commodities to another country and it costs a lot of money.

One of the confinements, I understand, and I want to ask you, has been in the past the manner in which we keep books in this country. When you take out surpluses from the CCC, you must replenish those with the current budget, and it seems to me that has been an impediment simply because it shows up in the next year's budget. In these years of tight budgets, we have had problems

taking stocks out of the CCC without appearing to impair the budget when, in fact, they have already been paid for.

My question is, have you found and do you believe that we ought to change the book keeping methods regarding CCC so when we have these opportunities to assist in world hunger, we can do it without confinements that occur momentarily with budget restraints?

Mr. WHITEMAN. Congressman, I don't claim to be a budget expert or an accountant, but I think an important point that you made is that the direct cost to the taxpayer is the acquisition of these commodities and the storage of these commodities. I think that you can interpret, as OMB does, that any transfer out of Government stocks is a reduction of an asset, therefore a cost.

I think you could also interpret that an asset is only as valuable as what you can get for it. Perhaps if the demand had been there in the first place, CCC wouldn't have been the buyer. CCC is ostensibly the buyer of last resort.

I think that either interpretation is probably fair and reasonable, but to say one is better than the other, I think you need to be more of a budget expert or accountant than I am.

Mr. SMITH. Mr. Reese, would you care to comment on that?

Mr. REESE. No, I wouldn't have a comment on that.

Mr. SMITH. Thank you for that enlightened answer.

Mr. HALL. Questions? Mr. Penny.

Mr. PENNY. Thank you, Mr. Chairman.

Mr. Whiteman, you mentioned carryover stocks getting into a range in several commodities where we wouldn't have enough to make available for food aid efforts. We just took a price support cut in dairy because the surplus is still in the range of 5 billion pounds or more. Last time I looked, there was still a pretty hefty surplus in wheat. Yet, the only area where you seem to think we have a surplus that is unduly large is in corn and some other feed grains.

We haven't seen a price improvement in any of these other commodities where you think the surplus is getting kind of small.

How do you rationalize all that? To my farmers, it looks like we still have a big enough surplus that we should be pumping more of this into food aid efforts just to get rid of it, but you are saying that we are running short.

Mr. WHITEMAN. Congressman, I would be happy to attempt to clarify that.

First of all, I would make the distinction that all food aid does not come out of CCC stocks. For the most part, Public Law 480 does not come out of CCC stocks.

Section 416 is one of the uses that can come out of CCC stocks. There are other mandated uses for CCC owned stocks. For domestic programs, 150,000 tons direct sales of dairy products is mandated by law, and there are several other uses, mostly on the domestic side.

What we are saying is—and I have someone from ASCS here who can elaborate on the stock situation—is that given the amount of dairy products that the CCC is taking into inventory and given the mandated required usages—and remember section 416 is not a mandated required use; it is section 416 if available whereas the others are absolutely mandated—that the amount of stocks being

taken in in dairy plus the mandated usages both on a domestic side and in direct sales does not leave what we believe to be dairy products available for section 416.

In the case of wheat, I meant to say that there are certain classes of wheat that are not available in CCC stocks. There is certainly not a shortage of wheat in CCC stocks, but there are shortages of certain classes of wheat in CCC stocks. And, again, there are other usages being used for CCC stocks to the Generic Certificate Program and other programs.

So, I think the distinction is that we are not saying there are not CCC stocks. We are saying there are mandated usages for CCC stocks, and only the residual is available for section 416 by law.

I don't know whether that clarifies your question. We have someone here from ASCS who has numbers and can maybe discuss this in more detail if you would like.

Mr. PENNY. I think that might be helpful. Your indication is, for example, with dairy surplus that while it may be at 5 billion pounds, not all of that is in CCC stocks and to the degree that it is, it is being utilized for other purposes?

Mr. WHITEMAN. I don't think I said it wasn't in CCC stocks. What I am saying is that there are mandated usages that by law have a priority over section 416 usage. That is the point I was trying to make.

Mr. PENNY. Do you want to share some of those numbers with us?

Mr. BROWN. Congressman Penny, my name is Merle Brown. I am with ASCS.

In the case of nonfat dry milk, the estimated projections for fiscal year 1988 indicate total CCC net removals would be approximately 580 million pounds. In fiscal year 1989, they are projected out to be approximately 500 million pounds.

As far as the foreign donation program's food aid goes in both years, title II is looking at an approximate usage of about 250,000 million pounds of nonfat dry milk. These are somewhat lower levels of usage for title II, but they have been determined to be sufficient.

Other mandated uses would include, of course, the dairy sales, some use for School Lunch Programs, and other miscellaneous donations.

Mr. PENNY. And of the 500 million, what does that aggregate come to? You gave me 250 million under title II.

Mr. BROWN. Of the 500 million in 1989, we are looking at restricted use feed sales of about 5 million pounds, CCC export deliveries of about 140 million, there is the Dairy Export Incentive Program of approximately 30 million, the School Lunch Program of approximately 30 million, charitable institutions which would be again a domestic donation to State-run hospitals and State penal institutions at about 15 million pounds, and on the foreign donation side about 250 million pounds for Public Law 480 title II.

Mr. PENNY. OK. That is the amount that we are anticipating to turn over under CCC in fiscal year 1989, but don't we have a significant carryover from past years?

Mr. BROWN. The carryover stocks, Congressman——

Mr. PENNY. And how do we treat that? On a year to year basis, it looks to me like our mandated uses eat up most of what we are adding to those stocks, but I don't see any indication here that we are doing anything to eat away at that carryover surplus of about 5 billion pounds.

Can you speak to that?

Mr. BROWN. If you are referring, Congressman, to current CCC inventory and its uses as far as carryover?

Mr. PENNY. Yes.

Mr. BROWN. Currently, we have approximately in the form of butter, cheese, and nonfat dry milk combined about 400 million pounds. Of that, commitments would be well over half of it.

For example, in the case of butter, we have current stocks of about 144 million pounds. Of that, 31 million pounds is committed for various domestic donation feeding programs, principally TEFAP. In the case of cheese, we have uncommitted stocks of approximately 40 million. This again will be used in TEFAP and also school lunch. In the case of nonfat dry milk, we again are down to about 70 million pounds of uncommitted inventory which will be used for TEFAP and other programs.

Mr. PENNY. I serve on the Agriculture Committee as well as this select committee, and we seem to deal with numbers that are different than the numbers you are giving us this morning. When we talk about a dairy program and a price support cut for dairy farmers based on the size of the existing surplus, the trigger for that price support cut was a surplus of 5 billion pounds of milk or more. If we had been below that 5 billion pound trigger, there would have been no price support cut. It was determined that we were above that amount in surplus, so there was a price support cut on January 1.

So, what is the difference between the modest numbers you are giving me and that 5 billion pounds of milk product that USDA has told us is sitting around unmarketable and in government hands? I am a bit confused by that.

Mr. BROWN. Congressman, we would be happy to submit the figures for the record, if we could.

Mr. PENNY. That would be fine except that if it is these same figures, it still doesn't tell me where the other several billion pounds of milk product is. You have shared with me where several hundred million pounds of milk product go as they are turned over to the government each year, but it doesn't get at the issue of this 5 billion pound surplus that has caused us to cut dairy price supports by 50 cents across the country.

That is a lot more milk surplus than you are suggesting we have with the statistics you have shared this morning.

Mr. BROWN. That is correct.

Mr. PENNY. And you don't know?

Mr. BROWN. I don't.

Mr. PENNY. Somebody else down there comes up with the other number?

Mr. BROWN. We have a supply estimates committee. That is correct.

Mr. PENNY. I see. I don't want to eat up any more time. I do have some other questions, but I want to give Byron some time,

and maybe when others have had their five minutes I will come back and ask a couple more.

Mr. HALL. Do you have any questions, Mr. Bereuter?

Mr. BEREUTER. Thank you, Mr. Chairman.

Mr. Reese, we have structural adjustment loans, sectoral adjustment loans. On our bilateral programs, we have the equivalent through the IMF and, to some extent, the equivalent through the World Bank today. Often, those adjustment programs really cause deep problems for the poorest of the poor in those countries.

To what extent do you work in AID with Treasury, for example, on the multilateral efforts in trying to coordinate our food assistance to help those countries that are feeling the pressure of structural or sectoral adjustment loans. That same would be true, of course, within State on the ESF programs and the kind of economic reforms we are trying to bring and the kind of agricultural production reforms we are trying to bring, for example, to African countries.

Mr. REESE. Congressman, this is relatively new terrain for us in food aid. Indeed, there is more of an effort ongoing now to orchestrate programs such as we are involved in in title II and structural adjustment, be it IMF or World Bank.

The World Food Program—and we are the major contributors to the World Food Program—is interested in this area. As you probably know, UNICEF has drawn attention to that although there are supposed to be near-term, up-side benefits from structural adjustments, there are immediate down-sides to certain segments of populations that in a sense get hit with what we call a triple whammy: prices go up, unemployment goes up, and social services go down.

We have been working with the voluntary agencies, discussing this with the World Bank, and actually have two or three prototype programs—actually, five prototype programs. I might say they also include monetization. This is where we agree monetization has been very helpful. Bolivia is one example where we have been assisting the Bolivian Government with a safety net program to ameliorate the down-side effects of structural adjustment. Morocco is another case, and Tunisia.

So, we have four or five programs going. Some of them are to ensure that people have an adequate basic diet. Some of the other programs, for example, a very small program with Guatemala involved with CARE is a Public Works Program where people are paid. The government kicks in some money, and through an association with CARE, we provide food assistance.

So, we have four or five of these programs. We certainly will remain involved and see ourselves playing a bigger role.

Mr. BEREUTER. I believe Mr. Whiteman said there are adequate resources available for the Food for Peace Program. Is that your understanding as well, Mr. Reese?

Mr. REESE. Well, I think for fiscal year 1988, I agree with Mr. Whiteman that we have close collaboration and cooperation with the Department of Agriculture. The only reason I hesitate a little bit is we can never be sure what is coming down the road. If we knew that with any certainty, we wouldn't be sitting here. We would be somewhere else.

But currently, given what we see in Africa and, again, given the program requests we have for title, given the use of section 416 of the commodities that are available, we agree that there are adequate resources, either the appropriated resources or through section 416, the surplus commodities, for the needs we see this year in places like Sudan, Ethiopia, Mozambique, Malawi, and so forth.

Mr. BEREUTER. I notice in the charts you have submitted, Mr. Reese, that they do not cover Egypt. Now, the State Department and the Congress do not consider Egypt to be a part of Africa. Is that the reason?

Mr. REESE. Yes, that is right. We were focusing and we thought the committee was interested mostly in sub-Saharan Africa, so we had provided the information for that area for our Food Aid Program.

Mr. BEREUTER. How do the volumes of Food for Peace Program resources totally going to Egypt compare to the rest of Africa?

Mr. REESE. Well, if you look at title I—and Mr. Whiteman can help me with this—we have a program level of 852 million for fiscal year 1988 and a program, I think, of $180 million. So, it is a significant chunk of the title I resource.

All told for Africa, as you will see in the material we provided, we are talking on the order of 1.3 million metric tons for sub-Saharan Africa.

Mr. BEREUTER. So, a ratio of 8 to Egypt versus 13 for the rest of Africa?

Mr. REESE. The rest of Africa—and let me look—again, we have a little bit of apples and oranges here and need to keep them straight, but in terms of title I, it is $180 million for title I in fiscal year 1988. The total resource flow into sub-Saharan Africa in title I and title II and putting a dollar value on section 416 is on the order of $376 million.

Mr. BEREUTER. So, what is the ratio, then, of Egypt versus the rest of Africa?

Mr. REESE. Well, $170 million to $367 million in terms of Egypt vis-a-vis sub-Saharan Africa.

Mr. BEREUTER. One to two, roughly.

Mr. REESE. Something like that.

Mr. BEREUTER. I guess maybe I have made it clear in the past, but I think the way the Egyptians are wasting the resources we are providing in the Food for Peace is really outrageous. We really need to, I think, use those resources elsewhere in the world, and we don't have to look very far as to where they can be better used.

If I could just have one final question——

Mr. REESE. Could I just make the comment, though, that it does need to be put in perspective, though, that at one time, the title I flow was $250 million and it has come down to $180. I understand your position that it still is a significant chunk, but indeed it has decreased over the last few years.

Mr. BEREUTER. Mr. Chairman, I ought to yield, then, and ask for a second round.

Mr. WHITEMAN. Could I comment on one question that you asked Mr. Reese?

Mr. BEREUTER. Yes, Mr. Whiteman, please.

Mr. WHITEMAN. In addition to the resources that Mr. Reese spoke about, I would like to remind the committee that we do have the 300,000 ton wheat reserve that is available for any unforeseen emergency. We have it calculated into the budget.

Thank you.

Mr. HALL. Mr. Dorgan.

Mr. DORGAN. Thank you, Mr. Chairman.

I also was curious about the line of questioning that Mr. Penny was pursuing. It seems to me that with the descriptions of the caves full of nonfat dry milk and cheese and thousands of train car loads of surplus commodities and the $5 billion trigger mechanism that triggered the 50 cent price cut, that there is something out of synch here with the notion that we don't have enough commodities for you to do your work. Yet, the commodities are in substantial surplus so that we trigger price cuts to farmers.

There is something wrong with that, and I am most interested in trying to find out why there are two different sets of numbers here. Will we be able to get that information relatively quickly?

Mr. WHITEMAN. Yes, certainly, Congressman.

Mr. DORGAN. Do you have surplus commodity in CCC stocks of durum wheat?

Mr. WHITEMAN. No. To the best of my knowledge, there is no durum. There is? OK, he says there is.

Mr. DORGAN. How about hard red spring wheat, for example?

Mr. BROWN. As you may be aware, virtually all of the CCC wheat stocks are now catalog items which are available for certificate exchange at this time. For example, the working number we have as far as durum wheat is approximately 19 million bushels at this time. There are stocks of virtually every class of wheat.

However, because of the competitive certificate exchanges that are occurring on a weekly basis, we are on a very rapid liquidation, if you will, of CCC wheat inventory stocks. So, it makes it very difficult for CCC to guarantee specific classes of wheat stocks for the foreign aid programs, the section 416 program in particular at this time.

Mr. DORGAN. Well, I am interested in that because I am interested in a number of different approaches and want to know if you have considered taking a look at converting some of our surplus stocks, corn and perhaps some wheat, to some cereal products and distributing them that way. For domestic purposes, there was a limited trial up in northern Minnesota of turning durum wheat into semolina flour and then into elbow macaroni and distributing that across the country for feeding programs.

It is something we ought to consider, I think, and the USDA allowed a very small portion of those stocks to be used, but I think it is something we ought to consider on a broader scale.

Have you given some thought to that? And let me tell you quickly why I raised the question.

Do you know last fall when they were harvesting corn in Iowa, the organization you represent astoundingly put that corn on trucks in Iowa because they had no place to store it in Iowa and trucked it all the way to Grand Forks, ND, This is trucking it in the wrong direction, paying more to truck it and then subsequently to store it and then including the amount that it is going to cost to

truck it to the Great Lakes to ship it someplace for more than the corn was worth.

The question is, when we are doing those sorts of things that don't make any sense at all—I mean, they just make all of us scratch our heads and wonder who is making decisions—why not do something more productive with this kind of a surplus? One of the more productive things would be to turn that corn into cornmeal and distribute it to hungry people.

Mr. BROWN. Congressman, that is being done on the domestic side under TEFAP. I believe there is approximately 3 million pounds, if I am not mistaken, that is distributed in that fashion for TEFAP domestic donations. In the case of wheat, the CCC wheat is being milled into wheat flour for domestic donation.

Mr. DORGAN. Have you considered durum into pasta?

Mr. BROWN. I am not sure the Department has looked at that.

Mr. DORGAN. Could the Department take a look at that with us?

Mr. BROWN. I am sure we could.

Mr. DORGAN. It seems to me we ought to be analyzing that.

Let me ask a question on the emergency reserve. How frequently is that used?

The reason I ask the question is my understanding is even during the 1984–85 famine, we had difficulty getting anybody to open that up. Only as a last resort were we able to finally convince them to open that up.

Mr. WHITEMAN. It was used during that, and it will be used again as needed. That is all I can say.

Mr. DORGAN. But the point is as needed. When we have a famine such as we experienced in the 1984–85 period in the sub-Saharan region of Africa, it seems to me we ought not need a can opener to pry open the emergency reserve. We put that aside for a very specific purpose, and we ought not discover that it is almost impossible to get it open.

Let me ask one other question, if I might. I am interested in seeing surplus commodities continue to be used domestically and internationally, and I am interested in trying to find the most innovative ways possible to do that. That just makes good sense. We are paying a lot of money for storage. It is much better, in my judgment, to use that product that we grow to feed hungry people here and abroad at the same time we help them to grow their own food.

So, I am hoping that we can emphasize that.

Title II in Food for Peace is one of the most significant programs we have ever developed in the U.S. Congress to address hunger issues. I think I heard Mr. Reese say that AID may not meet its title II minimum this year.

Let me ask whether that is what I heard, because if I did, I am surprised. The fact is the minimum is clear in the law. Congress has already appropriated the money, and there is simply no excuse, in my judgment, for us not meeting the minimum requirement in title II.

So, could we visit that issue again?

Mr. REESE. OK. Well, we met it, certainly, in fiscal year 1987. I want to be honest in saying again we are only halfway through the fiscal year. As we look at our regular programs and the programs

we have pending, our estimate at this point in time is we would be around 60,000 tons short of meeting the subminimum.

What are we doing? We are doing the same thing that we are doing in terms of monetization. We are working with the voluntary agencies to get proposals, and we certainly will make every effort we can to meet the subminimum, and we do see meeting it in fiscal year 1989.

Mr. DORGAN. But why would you not meet it in 1988? Are the PVO's, for example, just reluctant to take the food?

Mr. REESE. It is not that they are reluctant. It is that there has been a push to develop well honed, well targeted feeding programs in Africa, and they are just very, very expensive, and in terms of the ascendancy of looking for resources, many times, the host government just can't put up the money.

That is why we see these going in tandem. That is, the monetization will help defray some of these costs that the voluntary agencies just don't have. Again, I think if we meet the 10 percent, it will help us meet that subminimum, but the answer is we just don't have the proposals.

Now, we have a lot of pending proposals, but when you add them all up, it still doesn't get us to that 1.425 that we need to get to.

Mr. DORGAN. Well, it seems to me, then, we need to figure out a way to get more proposals and for you and the PVO's and others to figure out a way to meet the minimum, because the minimum exists in law for a very specific purpose. We have decided, I guess jointly, as I know personally that this is a wonderful program, one that works, one that gets food to people who are hungry, one that doesn't spoil food along the way.

It works, and we have decided what we want your organization to meet certain quantitative goals, and your statement today at least alerts us to a potential problem here. Let us work with you, because we expect at the end of the year for you to meet the minimum. If not, we want to ask some hard questions why, because the law requires you to meet the minimum.

If you need some help now, I am glad that you alerted us to this. If you need help now, tell us what it is so that we can meet that minimum. It is in law for a very specific purpose.

Mr. REESE. Right. Well, let me be clear, because we will meet the minimum, the 1.9, the basic bottom line of what we are supposed to do under title II. We will meet that. We will overshoot that.

The problem comes in the subminimum or the amount of food that is programmed with the voluntary agencies and the World Food Program. That is where we are having some difficulty.

Again, monetization isn't a panacea, but it is step in the right direction in terms of, as I say, helping defray some of these costs to the voluntary agencies. We have new guidelines out. They have been better received than the ones that the chairman cited, and we are working with the voluntary agencies.

Mr. DORGAN. Mr. Chairman, I have to be at another hearing, so I will have to leave. Thank you for allowing me to question, and I would hope that the chairman and others of us on the International Task Force can continue to work with you to see that we meet the minimum and the subminimum.

We have a hungry world. We have lots of food, and we have a specific purpose and a specific goal that we have described that we want to have met.

Thank you.

Mr. HALL. Also, if you have some questions, please submit them for the record. I think we are not going to get to all of our questions today, so we would like to be able to submit them.

Mr. DORGAN. Surely.

Mr. HALL. Mr. Whiteman.

Mr. WHITEMAN. Could I just comment before Congressman Dorgan leaves that it is certainly my understanding and I would like to go on the record that we definitely will meet the 1.9 million ton legal requirement minimum.

The second thing is that it is our goal also. We agree with you 100 percent that it is much, much better to get this food out to needy people than it is to store it. We will work with anyone to do that.

I would like to go back to this availability of wheat for just one minute. We did a section 416 wheat program in the Philippines. We found out that the type of wheat they wanted, northern spring, was not available in CCC stocks in the quantities they wanted. We had two options, either to go out and buy wheat which is defeating the purpose of section 416 or do this program under title I instead.

That is the type of problem I am talking about in availability. We have run into these problems.

Thank you.

Mr. HALL. Thank you, Mr. Whiteman.

One of the technologies that we have developed in this country is FEWS and it works very well. I think both of you have referred to it, the Famine Early Warning System.

I would like to pursue the rationale for who we cover in sub-Saharan Africa and who we don't. It is my understanding that the country of Angola is not covered. What is the reason for that?

Mr. REESE. Well, let me say that in terms of dealing with famine and disasters and so forth, we really come at it two different ways. One is needs assessment dealing with macro information, trying to identify what we call structural food needs and emergency food needs. We come at it the other way through the FEWS looking at micro data. This involves satellite imagery but also having people in the field constantly collecting data.

Now, we do have people in Chad and Niger and so forth, but because of the problems in Angola, we don't have FEWS people. It is a question of their security. The Angolan Government, I think, would be very uncomfortable with contractors running around the country developing data.

So, where we have an agreement with the government and where we can station these people in areas where we think there is need, for example, Sudan, Chad, and Niger, we do it. Where we can't, we do the best we can with the other technologies.

Mr. HALL. So, what you are saying, if I understand you, is this FEWS is used in conjunction with people in the field in the country. So, it is a parallel kind of use.

Mr. REESE. Right. Exactly.

Mr. HALL. And because of the situation in Angola, it is not used there because we don't have people.

Mr. REESE. Right. We couldn't get the kind of on the ground coverage we need. It is just impractical to station people there.

Mr. HALL. Now, this 3-year proposal that is coming up this fall, bids for the FEWS, will the countries that are presently coming under the FEWS continue? Will it be the same countries or are there some countries that are going to dropped or added?

Mr. REESE. Well, let me make clear that my bureau doesn't administer the FEWS program. It is administered by the Bureau of Africa. We are one of its users. We access it and use the information and we are cognizant, certainly, of what is going on.

This decision as to what countries would continue and what new ones would be added would be a collaborative decision, but really it is the purview of the Bureau of Africa. We in Food for Peace obviously would have an input, but I wouldn't have the final say.

We probably would have to have somebody from the Africa Bureau respond to that, Mr. Chairman.

Mr. HALL. Mr. Whiteman, let me ask a question about vitamin A. This committee has been a very strong proponent of vitamin A legislation, vitamin A appropriations. In the past 2 or 3 years, we have really pushed that, and we have been excited about some of the research. We have been excited about some of the hearings we have had. We have been excited about the use of it and seeing if mortality rates go down. A whole bunch of things related to vitamin A that really look good to not only us here on the committee but many groups around the world.

As I read the nonfat dry milk availability going down, that is the one dairy product that is fortified with vitamin A, as I understand it.

Mr. WHITEMAN. That is correct. All of the nonfat dry milk that is used in any program is fortified.

Mr. HALL. What about the availability of vitamin A being fortified in other commodities? What is going on there?

Mr. WHITEMAN. I would like Mr. Brown to rejoin us. We are doing some interesting things, we think, in that area, and he can elaborate on them.

Before we do, I would just like to again make the distinction that the traditional maternal and child programs using nonfat dry milk have been under title II. Those programs are continuing at basically the same level. The nonavailability refers only to section 416 which, as you know, is a very recent program and has not been involved in the long-term feeding programs that I think you are referring to.

However, in addition to that, we have been doing what we think are some fairly interesting things on substituting vitamin A into other commodities which I think Mr. Brown can elaborate on.

Mr. BROWN. Mr. Chairman, I might add there are several other commodities in the Public Law 480 program that do have vitamin A fortification such as wheat flour, cornmeal, blended food products such as corn soya milk, wheat soya milk. During the course of this last year, we have also added vitamin fortification to a cracked wheat product called bulgur wheat which is a main staple of one of

the cereal foods in the title II program and also soya fortified sorghum grits.

In addition, I understand that there is a pilot program that may come about shortly where there will be vitamin A fortification added to wheat for a program in Bangladesh, a test pilot program where a highly concentrated vitamin A fortified wheat will be blended with other wheat within Bangladesh itself.

So, we certainly do look at the fortification levels.

Mr. HALL. So, what you are saying is you feel that where the commodities are going now you are covering a good portion of these developing nations with commodities that have vitamin A in them.

Mr. REESE. We are making every effort to do that.

Mr. WHITEMAN. I may add that frankly, sir, we welcome this question, because we welcome the support of the Congress on something that we are doing and we think is very important.

Mr. BEREUTER. Mr. Chairman, may I say a word?

Mr. HALL. Mr. Bereuter.

Mr. BEREUTER. Some of this process is going on at a facility in my district, the fortification of grain and soya. I happen to think it is an extraordinarily fine effort, and it certainly provides a more nutritious meal than the average American child gets for breakfast today. I think if we could use that across the markets in our own country, we would have much healthier children.

Mr. HALL. Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Chairman, I want to commend you for holding this important hearing at this time, and I regret that both the Domestic Task Force and the International Task Force are meeting at the same time. Some of us would have liked to be at both, and it is extremely difficult. We hope in the future we can sort that out.

The monetization of commodities is certainly a well proven and efficient tool in bringing about long-term developing and meeting some of the short-term needs, but I think we all recognize that we don't do enough long-term planning to meet some of these emergency problems. I think our witnesses have indicated that agricultural policy reforms by developing countries are critical to long-term increases in food production.

I would like to ask what success you have had in persuading some of our African leaders to adopt these policy reforms and which countries have been the least cooperative. Would you please state that if you haven't already?

Mr. REESE. This, Mr. Chairman, is part of the self-help, as you know, contained in title I. It is part of the law, and it is incumbent upon us to negotiate these self-help measures with the countries.

In certain countries such as Zaire, for example, we are beginning to have some success. It is slow and incremental. We do work at it in terms of the demand for the food aid resource, and, again, I say that in the context of meeting the 1988 requirements as we see them at this time. Given the demand for the food aid resource, there is enhanced competition among the countries, and where we have had less success, we have tended to not be as forthcoming, for example, out of the reserve as we might be.

Mr. Whiteman heads the title I working group that deals with this. AID is charged with negotiating these agreements. We would almost have to go down the list to give you a critique of those countries that do well and those that don't do well, but we work at it, and for those that don't perform, we tend to be less forthcoming.

Mr. GILMAN. I am talking about cooperation with us in trying to establish some long-term reforms. Which countries have been most forthcoming and which are the least cooperative?

Mr. REESE. Well, you really have to deal country by country. As I say, Zaire is an example of where we are working in a medium-term—long-term, as Cain says, everybody is dead—so it is a medium-term or near-term with the Bank, with the IMF, a multiyear program. It seems to be going fairly well.

In other countries, for example, Somalia, there have been some problems where we have negotiated policy reform and the performance hasn't been what we would like. Liberia has been a case of some slow progress.

The most forthcoming, though, have been Madagascar, Guinea, Ghana has done very well, and Zaire. So, I think that group. Mr. Whiteman had noted that Madagascar and Guinea were the Food for Progress candidates last year, and we definitely want to continue support to them.

Mr. GILMAN. With regard to these long-term agricultural policy reforms, do you work together with some of the other Western nations to try to evolve a common front and a cooperative effort?

Mr. REESE. Very much so. An example is Madagascar where there is not only a multidonor but a multilateral effort, and we were one part of that. It seems to have worked reasonably well in terms of rice production, privatization of rice production.

Mr. GILMAN. Have there been some reforms adopted in Ethiopia? There are some reports that they are considering adopting some agricultural reforms to avoid the kind of continual disaster they have been confronted with.

Mr. REESE. That is a tough one. As you know, it has been a concern of ours in terms of Ethiopia that they have a self-defeating agricultural policy. If you look at the growth of agricultural production and the growth of population, their structural deficit is continuing to increase.

There is some sense that they may be looking at policy reform as they haven't in the past, but it borders on being rumor, and I don't think it is anything we want to get excited about or overly sanguine about, but it certainly something that we continue to encourage directly and through the multilateral channels.

Mr. GILMAN. This year in the foreign aid measures, we tried to incorporate some language and some mandates and some funding to try to get to the underlying root causes of the agricultural problems of famine and drought, reforestation to try to turn back dessertification and rain forest problems. What is your agency doing to address those problems?

Mr. REESE. In terms of lessons learned, for example, in the famine of 1984-85 and 1986, there was a great deal of back and forth in terms of keeping voluntary agencies involved in Ethiopia. As you know, we did, and the idea was that as you came out of

famine, you would have reconstruction, rehabilitation, tree planting, food for work programs and so forth.

That was foresighted in the sense that we are back almost where we were 2 or 3 year ago and those people are on the ground, they have the staffs, they are working in specific areas, and they could respond very quickly when the drought returned. We were doing that in 1986 and 1987, but now it is back to famine prevention and trying to limit the human suffering that is underway right now.

Mr. GILMAN. So, are you saying to us that you are not engaged in this long term?

Mr. REESE. I would way in 1985 and 1986 we were. Again, near-term—and this is not just food aid I am talking about but the voluntary agencies, CARE, World Vision, and so forth being there working in reconstruction, getting people back out of camps and so forth. That process has pretty much stopped as now the voluntary agencies are dealing with the famine.

Mr. GILMAN. What about the government agencies if not the voluntary agencies? What are we doing?

Mr. REESE. Well, the government agencies continue to work at it. We have met with the EC and they thought they had some significant policy reforms from the Ethiopian Government. They have been slow in coming, and I think the EC has been a little disappointed.

Mr. GILMAN Can you tell us what the current U.S. pledge to the World Food Fund is? There is a report that the United States intends to reduce its pledge to the World Food Program for the next biennium. Is that true?

Mr. REESE. Well, the situation is this. Our pledge has been about $250 million a biennium over 2 years. It has been comprised of $175 million of title II and $75 million of section 416, the surplus commodities.

Given what Mr. Whiteman has indicated on section 416, it wouldn't be prudent for us to go ahead and commit section 416 at this time. So, I think that is what you are hearing. There is some uncertainty as to how much of a commitment we want to make to the World Food Program in terms of section 416.

Mr. GILMAN. Then will there be a reduction or are you recommending a reduction? Where do we stand on that?

Mr. REESE. Right now, we probably would recommend a reduction.

Mr. GILMAN. Why?

Mr. REESE. Well, as I say, because the pledge is comprised of title II and section 416. section 416 won't be available.

Mr. GILMAN. Are we going to pick that up in any manner?

Mr. REESE. That is under discussion right now, and I don't think there is an interagency consensus on a position.

We are concerned. We support WFP. They have been excellent working with us in places like Ethiopia. They have collaborated in programs like Madagascar. So, it is an agency we want to continue to work with, but we do have to resolve the problem of section 416.

Mr. GILMAN. Chairman Hall mentioned the importance which the committee attaches to using vitamin A fortification in feeding programs for the hungry abroad. Do you share the view of the value of vitamin A in feeding programs?

Mr. REESE. Yes, very much.

Mr. GILMAN. And what are we doing?

Mr. REESE. As Mr. Brown indicated, we have not only the milk, but we also have CSM and ICSM that are fortified, and we have—I can share this with the committee — we have produced a new commodity reference guide which I think is excellent. It goes back to the point of, one, the monetization and, two, getting to the submimum, what Mr. Dorgan was concerned about.

The commodity reference guide shows the voluntary agencies or the World Food Program or any other interested group exactly how to put together a nutritious, wholesome food basket for a Food for Work Program or Child Survival Program, and MCH Program and so forth. Vitamin A is highlighted in this.

Mr. GILMAN. Are we doing any of that in our Emergency Aid Program for Ethiopia?

Mr. REESE. It depends. What we have had so far in Ethiopia is people essentially staying at home and not getting into camps. We have been able to provide whole grains.

If the situation deteriorates and we get into camps, we will then move into these rehabilitation foods such as corn soya and milk.

Mr. GILMAN. Right now it is just whole grain?

Mr. REESE. Mostly whole grains. There are some processed commodities, but not a great deal.

Mr. GILMAN. So, eventually you hope to get nutritionally fortified there?

Mr. REESE. Well, actually, we don't, because if we get into these more nutritious foods, it means that people have gotten into camps and basically we failed. I think the wisdom in terms of dealing with famine is if people stay at home, don't become displaced, don't wander around, they are better served and we are better served.

Mr. GILMAN. You can't supply them nutritionally supportive foods at home?

Mr. REESE. Well, they generally don't need them if they can stay at home. What happens is when they absolutely are out of hope, have no food, have sold their assets, and are destitute, then they move. There is some of that in Ethiopia but not as much as there was in 1984 and 1985.

So, a portion of our assistance is processed food like CSM and ICSM for those people who have left and are in camps. For the other people who still have some assets, we are getting food to them and trying to keep them at home.

Mr. GILMAN. Thank you, Mr. Chairman. I regret I have to go on to another hearing.

Mr. HALL. Thank you, Mr. Gilman.

Mr. WHITEMAN. Mr. Chairman, could I——

Mr. HALL. Mr. Whiteman.

Mr. WHITEMAN. I just want to reiterate that there is no interagency decision yet on the level of the World Food Program pledge at all. It has not been determined.

Mr. HALL. Mr. Penny.

Mr. PENNY. And I think Mr. Reese alluded to this — isn't it clear that if you can't make that contribution or the level to which we have committed, it is going to be tough for you to meet the mini-

mum requirement under the law, the aggregate food aid requirement under the law?

Mr. REESE. No, it wouldn't be, because the pledge is comprised of these two elements, title II and section 416. Again, we have the question of the stocks in section 416, but Mr. Whiteman is right in that there is no decision yet as to which way it will go.

Mr. WHITEMAN. I don't see any problem at all in meeting the 1.9 million tons mandated under title II. I don't think there is any problem at all.

I think the issue is if we cannot make as heavy a commitment under section 416 for the World Food Program pledge, what do we find that we can substitute to make the World Food Program pledge? The issue is what is going to be the composition of the pledge.

Mr. PENNY. OK, and what about the subminimum to the PVO's?

Mr. REESE. We would still meet it. Again, we are committed to the subminimum, because the element that would be missing for the World Food Program is section 416. It doesn't count against the minimum for the subminimum. We would certainly maintain that relationship between the voluntary agencies and the World Food Program to get the subminimum.

Mr. WHITEMAN. The subminimum refers to title II, and that part of the World Food Program pledge is not being cut.

Mr. HALL. The Soviets have made a pledge of food to Ethiopia. What are the implications to our Government in our tonnage, our minimum, our monetization, all the things that relate to that pledge?

Mr. REESE. First of all, it is too soon to say definitively. What we are doing is we had one scenario for Ethiopia prior to the Russian pledge, 250,000 tons. The cost of that we thought was an equitable contribution by the United States.

Now, we have the Russians indicating they will contribute 250,000 tons. According to our information, the first 50,000 tons will reach Ethiopia in April.

There are a number of questions about this, so we haven't changed our scenario yet. We are still assuming we have to provide the food that we had planned to provide. One question is the Russians haven't even provided money for port charges and so forth. Two, there is no money for internal transportation for moving the wheat out of the harbors, Assab and Massawa. Three, it is not clear who will distribute the wheat.

So, until these questions are answered, it is difficult for us to decide whether or not this has really lessened the pressure on the other donors or not. If the IRC distributes it and distributes it to where it is needed and the Ethiopians pay the cost, that is one scenario and that is good. If the wheat is diverted to other purposes, then I think we have to just continue as we are now.

Mr. HALL. Mr. Penny.

Mr. PENNY. First of all, I want to insert in the record a GAO study on the dairy surplus which this committee was involved in requesting. For the benefit of my colleagues, I would ask that they take the time to review that when it is available to them, because it does kind of sort out a number of the questions all of us have

about that surplus and what in our dairy policy leads to that surplus.

[The GAO report submitted by Mr. Crowley appears at the conclusion of the hearing, see p. 95.]

Mr. PENNY. Mr. Reese, is it your sense that the requests from the PVO's are down or are not as yet sufficient to meet our subminimum because of the inhibitions in the existing regulations or in the past regulations? I am just trying to get a handle on why these agencies which know the need and certainly should be in a position to demand more than you have available are not requesting as much as we require under law.

Mr. REESE. I think it is more a question of cost. There was a concerted effort coming out of the famine of 1984 and 1985 in Africa to target in Africa, and that has turned out to be very, very expensive.

Mr. PENNY. And that, of course, then leads to monetization which you spoke to earlier.

Mr. REESE. Exactly.

Mr. PENNY. And it seems to me that we don't have the kinds of requests even under monetization that you would anticipate. If that is the solution to the problem, is there something in our regulations on monetization that is holding back these groups from making those submissions?

Mr. REESE. No, I think--you will have the representatives of the voluntary agencies talking about this, so I think you will hear their side. I think it just takes time.

As I say, we did hit the 5 percent in 1987. We got the 10 percent in December. We have shared new guidelines. I think the voluntary agencies are fairly upbeat about this enabling them to launch different not only feeding programs but development programs. But to put the proposals together from their side, I think, is costly, and also to run and maintain these programs in country is expensive.

Mr. PENNY. Once they submit their proposal, there is a turnaround time of a month or two. That is shorter, I guess, than it had been in the past, but it still seems to me that that is an inordinate amount of time to make a review of one of these requests. Is there anything more you can do to speed that response time?

Mr. REESE. Well, we are in the process now of tracking these requests. They come into us as a formal proposal. They are logged in. They do need to be shared with the regional bureau in AID to see that they are consistent and so forth, and we have certain monitoring responsibilities which fall upon the mission out there.

Mr. PENNY. It seems to me in some of the reports that I have looked at that really the biggest delay is at that first step. Is there a resource or a staffing problem out there?

Mr. REESE. What we will do is when they come into us, we have a title II DCC meeting every 2 weeks which Food for Peace chairs. These would go to that DCC interagency meeting, and if they are approved, they are approved. If they are not, we would feed back to the voluntary agency exactly what the problem was and then come back in another 2 weeks.

So, we have regularized this whole process so these proposals won't languish.

Mr. PENNY. And are we going to move to a position where we can authorize multiyear monetization programs so that they can see some continuity to their effort?

Mr. REESE. What we have is a multiyear operations plan that we——

Mr. PENNY. But you still have an annual requirement that they come in.

Mr. REESE. Exactly.

Mr. PENNY. And if it is a multiyear project that involves monetization, it is putting it on a short leash to say each year you have to compete with everybody else and prove yourself again when it is tough to commit up front if you can't be guaranteed you are getting the second and the third year.

Mr. REESE. I understand. It is difficult for us to commit to out years with single year appropriations, but we understand their problem. What we are trying to do is say that those programs that become established—and they may have an element of monetization to them—the voluntary organization would have a multiyear operation plan that would be reviewed annually. If we agree and the voluntary agency agrees that they are on track in terms of their objectives and the administration of the program and so forth, it would, given the availability of funds, be funded.

So, we are trying to give them a little more certainty—

Mr. PENNY. To give them some prioritization in the out years and a lesser standard——

Mr. REESE. They don't start de novo, in other words. They come in, there is a review, it is an interagency review which the other agencies participate in, and if there are no major problems, it would be funded in the out year.

Mr. PENNY [acting chairman]. Mr. Bereuter.

Mr. BEREUTER. Thank you.

Mr. Whiteman, perhaps this question is for you and the gentleman next to you. We have a tremendous amount of feed grain and wheat stored on farms around the country. Now, the Secretary has announced that he intends not to extend the contracts on that farmer-owned storage.

In looking at the situation, my staff finds no significant gaps in the pipeline between the domestic end user and the export terminals, no gap in commercial facilities, no significant volume of unutilized space at the export terminals. We are going to spend an awful lot more to store it commercially than we are to store it on the farm.

We have grain as old as 1982 on the farm, the 1982 crops, and this is going to apply, apparently, to all of the years of production.

What will be, in your judgment, the impact on the government stock of grain if in fact this decision is not modified? How much more grain, if at all, will be available to the government? second, given the mandate the Congress has given to the budget to reduce commercial storage costs by $300-plus million, isn't that step counterproductive?

Mr. WHITEMAN. Congressman, I am going to have to get you an answer to that. The Foreign Agriculture Service—I am sorry—just does not get involved in these domestic policy decisions. We are pri-

marily involved on the export side, and you are just asking me something I can't answer.

Mr. BEREUTER. I am asking you a domestic question because I am wondering what the implications are on the stock that the government has for use in programs like the Food for Peace Program if the farmer-owned reserve is turned over and the government takes it and stores it.

Mr. WHITEMAN. I understand. I know what you are saying.

Mr. BEREUTER. So, I am wondering if we are underestimating what the government's grain is really going to be.

Mr. WHITEMAN. First of all, the Food for Peace Program, Public Law 480, we don't use grain out of Public Law 480 stocks for the most part.

Mr. BEREUTER. Out of CCC stocks?

Mr. WHITEMAN. No, we don't have to. We do sometimes under title II. We never do under title I. It is tendered in the open market.

So, the main effect would be on section 416 again where section 416 is the one program that is used out of CCC stocks.

Mr. BEREUTER. You said we are not meeting commitments we would like to meet because we will not have or do not have section 416 stock available in sufficient amounts.

Mr. WHITEMAN. We have wheat stocks available for section 416. The problem has arisen—and I gave the example of the Philippines wanting dark northern spring, and we did not have any dark northern spring in CCC stocks. We are programming wheat under section 416, but the problem arises if the particular country wants a class of wheat that isn't available. Then we try to transfer it to another program.

Mr. BEREUTER. But the surrender of farmer-held reserve that is going to be precipitated will have what impact upon the availability of grain for section 416? Can you answer that?

Mr. BROWN. Congressman, I cannot answer that question directly, but what I can state is there is, as I stated before, a very rapid liquidation of CCC stocks at this time through catalog exchanges and the tremendous market demand for wheat right now due to increased exports. We are speculating at this point in time that the stocks will be drawn down significantly.

Mr. BEREUTER. Well, speculate on what is going to happen with the Secretary's decision on the availability of stock. You have to do that. It is part of your obvious planning requirements.

Mr. BROWN. I do not have the answer for that right now, Congressman.

Mr. BEREUTER. Why don't you?

Mr. BROWN. I just don't deal with that issue directly, Congressman.

Mr. WHITEMAN. We will be happy to get it and provide it for you. The problem is we don't have the people here who deal specifically with that, Congressman. I am sorry.

Mr. BEREUTER. I think this committee needs to understand what stock is going to be available in section 416 and how recent decisions that have been made will impact upon that. Perhaps they won't at all, but I have a hard time envisioning that they will not

impact upon it, and this will give us an indication of what kind of resources we have really to work with.

Mr. WHITEMAN. It is a good question, and we will be very happy to get you the information. Again, I apologize, but the people in ASCS who are working on that just aren't here with us.

Mr. BEREUTER. Thank you.

[Material referred to above appears at the conclusion of the hearing, see p. 77.]

Mr. BEREUTER. Mr. Whitman, this may be within your area of competence. I think it is. We have been trying to increase productivity in these developing nations in part by resources going to the private sector and by trying to get some changes in their agricultural policies to encourage productivity and reverse the move back to subsistence farming that is underway in some of these countries. Some people in our agricultural sectors are concerned about that increased productivity.

What, if anything, could you say to alleviate their concerns?

Mr. WHITEMAN. This has been an ongoing question that has been raised. Traditionally, the USDA—I am not speaking for other agencies now—the USDA's position—and I have been with the Foreign Agriculture Service since 1966, and the USDA's position throughout that time was that the encouragement of the production of food in food deficit countries to increase the diet of the people in those countries was a positive thing that we should strongly support.

Production of food products such as palm oil in Malasia that will be used for export to compete with U.S. products was not a good thing, and we should oppose it.

Does that answer your question, sir?

Mr. BEREUTER. Well, that is part of what I was hoping to glean from you. Thank you.

Mr. WHITEMAN. As I say, I have been with the Foreign Agriculture Service for 22 years, and that has traditionally been the USDA's position within the interagency context.

Mr. BEREUTER. Thank you, Mr. Chairman.

Mr. PENNY. Thank you, Mr. Whiteman and Mr. Reese. We appreciate your testimony this morning.

We will call forward the second panel now.

Mr. WHITEMAN. Congressman, before you leave, could we get back to a previous question you asked about timing, because I think that we can add something to the information available on the timing once the agreement is signed and the availability of the CCC through Kansas City to move it, and it might be interesting to the committee.

Mr. PENNY. Go ahead.

Mr. BROWN. We had a recent situation on bagged wheat going to Ethiopia where in mid-December a shipload with some 19,000 tons of bagged wheat sank about 800 miles east of Miami. Within one month's period of time, we had replaced that wheat, had it available at port for replacement without disrupting the pipeline of other Ethiopian shipments.

We again had another situation with an emergency shipment for 5,000 tons of bulk corn to Mozambique where within a 2-day period we were able to position corn stocks and have it available for immediate vessel loading.

These are situations that——

Mr. BEREUTER. Mr. Chairman, may I ask a question?

Mr. PENNY. Mr. Bereuter.

Mr. BEREUTER. Is that because of the cargo preference, the reason the cargo was lost or that they are shipping them in these old hulks?

You don't have to answer that. Thank you. [Laughter.]

Mr. WHITEMAN. Thank you. I just wanted to add that point.

Mr. PENNY. Thank you, Mr. Whiteman. Thank you, Mr. Reese.

The second panel consists of William Jenson, Director of Commodity Supported Development at the Adventist Development and Relief Agency and Hannan Ezekiel, Coordinator for Food Aid Research at the International Food Policy Research Institute.

Please come forward to the witness table. We will hear your presentations and then continue with the questions. Feel free to summarize your remarks, and we will begin with Mr. Jenson.

STATEMENT OF WILLIAM H. JENSON, DIRECTOR, COMMODITY SUPPORTED DEVELOPMENT, AFRICA BUREAU, ADVENTIST DEVELOPMENT AND RELIEF AGENCY

Mr. JENSON. Mr. Chairman and members of the House Select Committee on Hunger, ADRA is sponsored by the Seventh-day Adventist Church which has a constituency of approximately 6 million members in 190 countries around the world, and we thank you for this privilege of being here today to speak with you.

ADRA shares with you the concern for human beings whose nutritional needs are below par.

We have learned from my colleague's office, the International Food Policy Research Institute, that the most recent predictions for the food needs for 1990 in the 36 poorest countries around the world, that is, those countries with less than $500 per capita income, will be 18 million metric tons. We appreciate the fact that the United States has always been a leader in providing that food and also that Congress has a real interest, from what I have heard in this committee today, in raising those minimum levels from 1985 and on up so that we can be of service to humanity.

ADRA with its 650,000 monthly recipients of U.S. AID Public Law 480 commodities especially thanks Congress for the expansion of the monetization guidelines and procedures as in the continuing resolution of fiscal year 1988.

We encourage, though, that the full interagency committee that has yet to approve those guidelines will take into consideration the recommendations made by U.S. AID and the PVO's so that those guidelines can be effective to us. Why am I saying that? It is because under the guidelines that were provided for us in 1987, we found that we were being pretty well restricted to just moving the food from point A to point B and then having to pass the food out, and that was totally unacceptable to, I am sure, Congress' original intent, ADRA's personal goals, and the private voluntary agencies and cooperatives as a whole who are involved.

So, we appreciate this expansion of this, because now it will give us the opportunity of programming our programs to plan, to manage, to monitor, to enhance them, to do evaluation on them.

ADRA, along with the other PVO's, is not satisfied in just providing for the hunger of the individual. As important as that is, we feel that we need to help them provide for the total nutrition of their families currently and in the future, and educational components are a must in our programming.

These food programs should be cooperating with the goals of the donors, the host governments, and the private voluntary agencies' goals and objectives. We are confident that these new guidelines will do that if they are approved accordingly.

Of course, we can't sit back and say that now monetization is the answer to all of our financial needs. That is not true. We still encourage Congress to provide other funding for us for our programs.

I would like to also thank Congress and those on this committee who have given tremendous support in seeking for an amendment to the cargo fees that the private voluntary agencies are having to encounter under the harbor maintenance fee. This is something that was a real surprise to us as PVO's, we do not have it in our budgets and it would be a real hardship if this amendment is not carried out.

So, I encourage you to support that, and we, the PVO community as a whole, will appreciate it.

Last week, I was in Geneva, Switzerland having been invited to attend a meeting that the Government of Ghana called in cooperation with the World Bank where the Republic of Ghana presented its program of actions to mitigate the social costs of adjustment. They were seeking support for that.

I was pleased to see the praise that was offered for this by the representatives from the World Bank, the IMF, UNICEF, UNDP, and others including our U.S. AID representative from Ghana, because where ADRA and the PVO's come into play with the commodities is that at this point, a high number of individuals have lost their jobs in the government because Ghana is working hard to reduce their government costs and expenses, and there has been a tremendous cutback.

What is happening with these excess employees? Well, ADRA is going to do their part in trying to take up the slack in the unemployment field by using Public Law 480 commodities, using funds from monetization to operate the programs, and provide food for work activities in many of these communities that will be suffering because of the unemployment.

So, the PVO's will be using the commodities from the Public Law 480, and this will be a very major and important factor in the success of this program. It is an excellent example of doing what we have all said we should do: one, in helping the very poor in the community and providing the food to satisfy their hunger; two, in building self-worth in these individuals by providing opportunities for that individual to participate in a program rather than being in a dole system program; three, the food for work activity provides the physical structure to the community as well so that they have a school, road, or whatever; and, fourth, that we are a part of a cooperative endeavor with the host government in accomplishing a specific goal to alleviate a lot of the suffering that will be caused in this readjustment. However, we feel confident that we are going to be helping to relieve that.

Mr. Chairman, I commend Congress for their part in the continuing resolution that included the expanding of the monetization. Next is the challenge that the people of the United States face in providing the levels that will be adequate in grains, dairy products, and legumes through title II to these select countries that the PVO's can continue in their programming.

ADRA being one of those PVO's has considered it a real privilege to be a partner with the U.S. Government, and we will continue to do our part.

I thank you for this privilege of being here today, and we will be willing to answer any questions at the appropriate time.

[The prepared statement of Mr. Jenson appears at the conclusion of the hearing, see p. 81.]

Mr. PENNY. Thank you, Mr. Jenson.

Mr. Ezekiel.

STATEMENT OF HANNAN EZEKIEL, COORDINATOR, FOOD AID RESEARCH, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

Mr. EZEKIEL. Mr. Chairman, I have submitted a written statement for the record, and I will very briefly try to raise a few issues that I think need to be raised.

In my statement, I have focused on famine and its relationship to development, because I think that the efficiency of the use of food aid to meet famine is not something that one can discuss when the famine is already on us. Any discussion of the effectiveness of food aid must necessarily relate basically to how one can deal with famines as they occur in the future.

In this connection, reference was made earlier by the chairman to the advance warning system which is one of the measures that have been taken already in connection with what is called famine preparedness. This really is a phrase that says famine is going to occur; let's prepare for it. Advance warning systems is one of these measures. National food stocks that can take care of shortages of food when they occur within the country is another. Both of these have been strongly advocated by international organizations, but both of them have extremely high costs.

If one does not use the information that emanates from the advance warning system to effectively provide food to meet famine, then, of course, it does not really help.

I have in my statement in this context, that is, in the context of preparation for famine, suggested that it is also important to improve the famine administration within each country, have a system by which the administration can be mobilized to meet a famine when it occurs. In this context, I have referred to the Indian Famine Code which as early as 1870 had in the context of famine talked of the need for the administration to be adjusted to famine when it occurs.

Leaving that aside, ultimately when you have famine preparation of this kind, what you get is preparation to provide relief, to provide food for feeding purposes. One of the points that I would like to emphasize is that feeding a population that is suffering from starvation is not enough. It is not enough, because famine has

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two features. One feature is a fall in production and the other feature is a fall in income.

What you really need to do in this particular context of famine is to generate income so that people can buy the food that they need even though the problem of supplying that food may still exist.

In this context, then, it is really surprising that one keeps talking about feeding people who are starving rather than talking about employing them, particularly since famine relief works have been in existence for a very long time in areas in which famine has prevailed. The Indian experience, again, is extremely useful because it goes far back well before British rule where, on occasion, famines have been met by famine relief works.

Now, if one thinks of employment generation for this purpose, one thinks of rural public works. When one thinks of rural public works, they also create assets. What happens than is that food aid used to provide relief to those who are hungry during a famine creates assets that help to develop the economy and, in fact, help to prevent famine in the future.

If that is to be done, if famine relief works are to be implemented, advance preparation is necessary, and there are many other difficulties involved. So, what I am trying to suggest is that one needs to look at famine well in advance and have projects ready years in advance to be put into effect when famine occurs.

Can that be done? Can one have an arrangement or organization and administration that has projects ready for implementation? Even if they are ready for implementation, what happens when the famine ends? When the famine ends, there are no workers who will be available for work on a famine basis, and the project will remain incomplete. In that case, of course, it will deteriorate before the next famine comes along.

If that is not to happen, then it seems to me that one needs to relate famine public relief works to the availability of labor even normally.Even normally in every country, we have what is called seasonal unemployment. You need an institutional arrangement that deals with both famine and seasonal unemployment—by the way, in most of Africa, there is a period that is called the hungry season. It is very reflective of the issue that we are talking about. People are unemployed and they are hungry, and there is a season every year in which that occurs to which very little attention is paid.

If one can link seasonal employment and famine employment, then one would have a system in existence that will flexibly adjust to the needs of employment and food as normal seasonal unemployment turns into a famine in a bad year.

This is not just an ideal that I am talking about, because it actually exists. This kind of system has been implemented in India in many states, but in particular, it has been implemented on a very organized basis in the state of Maharashtra in India.

The state of Maharashtra, by the way, is a very large one. It is larger than most of the countries in Africa that we are talking about with a rural population of over 60 million. This state has had a scheme in existence, which is called the employment guarantee scheme, for the last 12 years, which provides seasonal employment on rural public works intended to improve the development of the

area throughout its now 29 districts and create assets that will strengthen the rural economy.

The study of this scheme which I have been doing shows that employment under that scheme adjusts to the conditions so that every year there is seasonal fluctuation, but in some years, you have as much as four to six times or even ten times as much employment under this scheme being provided, and those are of course the bad years.

This immediately draws attention—and I won't extend my statement very much here, but if there are questions I would be happy to answer them—to the fact that if once such an administration is created, it will focus on developmental issues and famine prevention issues on which attention needs to be focused.

There is, of course, more scope for program food aid. The estimate that has been referred to earlier was made by me of 18 million tons for 36 low- income countries in 1990. That could be provided if it was looked at in a development context. The the resources from such additional program food aid, what you would normally call title I food aid for the U.S. Food Aid Program, could then be used as a complement to project food aid or famine food aid to prevent famine.

It is this kind of approach that I am suggesting.

Thank you.

[The prepared statement of Mr. Ezekiel appears at the conclusion of the hearing, see p. 85.]

Mr. PENNY. Thank you, Mr. Ezekiel.

I am curious to hear from Mr. Jenson about their experience with AID in terms of requests for monetization projects. Do you have any recommendations to make as to how that system could be improved? Have you had any negative experiences that in your judgment should not have occurred due to the way your request was reviewed and handled by AID?

Mr. JENSON. Yes, Mr. Chairman. I appreciate your interest in that, because that is of real concern to us as PVO's.

Mr. Reese referred to it earlier that it did take another letter out to the field, because I will give you an example. I met with him in October, and he said, Bill, how can we help you increase your program? I was on my way to Africa and was in a certain U.S. AID mission, and we were planning on doing some increasing there, but the first thing that was said was how can we get a larger supply of Public Law 480 commodities for you.

So, when I reported that to Mr. Reese, another letter went out to try to encourage the missions out there to be a little more innovative and not be stuck with those narrow guidelines that we had to live with last year. He has encouraged us to help in the broadening of these, and as they go to the committee this week and as the DC looks at those, we just certainly hope that we will not end up with restrictions that will be very hard to live with, because there could be too many bottlenecks.

This way, if it can be opened so that we can give innovative types of proposals, something that maybe hasn't been done before—and with the multiyear planning, certainly they say it may only be obligated the first year, but why do we have to submit a new proposal the next year and the next year. Let's submit one

proposal for 3 years, but let them obligate it each year right with the AER, in other words.

There are simpler ways of doing it, and I appreciate your interest. Thank you for letting me express my concern for this today. I feel that maybe the message is getting out to the field and now getting to the DCC on the importance of this.

Mr. PENNY. Do you have to begin by submitting some kind of request to the AID administrator in the country or in the region and then after that it is submitted out here, or do you submit it here and then they bump it back?

Mr. JENSON. It can be done either way, as I understand it, but there has to be the cooperative approval from both levels.

Mr. PENNY. And prior to submission, is there work on the ground with the AID folks in the region, and are you finding some difficulty in getting things worked out with them?

You know that it doesn't make sense to submit it here if they are not satisfied. So, when we talk about a 45-day response time, the impression I have is that you may be going through a much longer time frame to get it in a form that you think they will approve. Then, once you submit it, they will take the full 45 days to approve it.

Mr. JENSON. That has been the past experience. You are correct. So, what I did in that country in Africa is I said, please, let me talk with Food for Peace in Washington. If you are satisfied and you approve the concept of the program here, don't you worry about whether it is going to be approved there. Let's move it through the system.

I hope that we can begin just breaking down that reticence.

Mr. PENNY. You seem to feel that Mr. Reese has the right attitude about this, but you don't really have experience under the new guidelines to say whether it is going to be a better situation.

Mr. JENSON. That is correct. We feel we have his support at this time, but we are not sure about everyone else who has to raise their hand in voting.

Mr. PENNY. Well, I think this committee would be very interested in hearing from you as the months go by as to what your experience is in this year.

Mr. JENSON. All right.

Mr. PENNY. We also I think would like to be helpful in terms of the multiyear aspect of some of these projects. Mr. Reese indicated in his testimony a few minutes ago that they wanted to expedite the process in the out years, that they can't give you a multiyear obligation but they try to give you some prioritization and reduce the paperwork requirements or whatever in those out years, and we would hope that something could be resolved in that respect as well.

I don't know that it takes legislation, because this is a part of the budget that is annually appropriated, but it seems to me that the agency should have the flexibility to give you a stronger commitment in those out years even though they will be subject to annual appropriation, because they know based on past appropriation levels what they are likely to get in the future.

It seems to make sense that a project that takes several years to implement ought to have some priority over any new projects that

come in, and they should be able to guarantee you some priority for that money in the out years instead of making you start from scratch with your request each year.

Mr. JENSON. Thank you, and I am going to mention something else here that I had not planned to mention. It is outside of monetization, but you know there are other funds available to the PVO for their Public Law 480 programming. I would just like to mention that the greatest bottleneck ADRA has found has come after it has been approved, but when it gets to the contracts office, it has been held up for months over there.

I will not say any more at this point, but I hope that bottleneck can be taken care of.

Mr. PENNY. The contract office? I am new to this committee and new to some of these terms. The contract office is the office in which agency now? AID?

Mr. JENSON. Yes. It is in a different building but——

Mr. PENNY. And they then contract for the grain that they make available to you or contract——

Mr. JENSON. For the funds that we are talking about. If we ask for outreach funds or we ask for some other funds that are available to us, Food for Peace many times will move it along through the system and maybe even get it through the DCC, but when it comes to the contracts, it seems to take a long time to get through the stack on their table.

Mr. PENNY. Is that a bureaucratic problem, or is there a problem here in terms of commitment to the effort?

Mr. JENSON. I really am not prepared to answer that at this point. I only have some opinions on that, but I have not really investigated it and didn't really plan to open that can of worms, but it is a burden to me.

Mr. PENNY. If there is a delay there, how serious an effect can that have on your program out there in the field?

Mr. JENSON. We have had to shut down actually out there and couldn't continue operating until they finally got around to getting it signed. So, it is very serious to us as a PVO. It needs to be speeded up and streamlined in some way somehow.

Mr. PENNY. Thank you.

Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

Gentlemen, thank you very much for your testimony. I would say to you, Mr. Jenson, I am not surprised by your comment. It is a problem not just in AID. It seems to be a generic problem in the Federal Government today. We need to deal with it.

I had not heard about the lack of clarity concerning the waiver of harbor maintenance fees. If you have more information on that, I hope that you will give it to the committee staff so that I can digest it and have their recommendations as to what we need to do to ensure that the waiver is clear today.

We have had it clear, right? It has not been a problem before. We have been able to waive those local harbor maintenance fees. Is that correct?

Mr. JENSON. But we may be needing to contact you. There is something in the wind now that maybe they will not be working

with us on that. So, we will keep in close touch with you. We appreciate your interest.

Mr. BEREUTER. All right.

I appreciate very much the fact that you gave examples in your testimony before I realized they were there. I was asking questions about the subject of food assistance for meeting the problems created by structural adjustment loans, the unemployment in Ghana, for example. You have an attachment on that subject. I think that will be very helpful.

I wanted to ask if you are aware of other opportunities where Food for Work Programs could be employed advantageously at this moment?

Mr. JENSON. In Ghana?

Mr. BEREUTER. Anywhere.

Mr. JENSON. In most any country really where we are working as an agency we do some food for work. In some countries, that is our major; in other countries, MCH may be the major activity, but in most all countries in the Third World, I see a tremendous opportunity in the food for work. I am a strong believer in that over the dole system.

Mr. BEREUTER. Thank you very much.

Dr. Ezekiel, I understand that the organization you are with has a great deal of capability and past experience at looking at this issue, and I am very pleased to have your testimony today.

Mr. EZEKIEL. Thank you.

Mr. BEREUTER. For a variety of reasons which I want to be able to understand if possible, it seems to me that there has been a reluctance or outright opposition in general to the concept of food for work—some people say food for progress. How would you categorize those sources of opposition, not by person, but what is the rationale as you see it as to why there is a reluctance or opposition to use more aid as a component for work for economic progress?

The example you gave about the infrastructure being created in rural areas, the use of food for work in various places seems to me to be such an obviously proper step that I have a hard time grasping why we have the reluctance or slowness or outright opposition to it. Can you help me and give me your ideas?

Mr. EZEKIEL. Yes. The problem arises in part because food for work has had two origins. One is purely humanitarian and the other is developmental which looks on labor as a resource and the availability of labor as a resource for development.

When it is looked at from a humanitarian point of view, then the costs of the project other than the food provided to workers may be thought of as a drain away from the principal objective which is to feed people. When it is looked at from the point of view of the asset that is created, then you want as efficient a project as possible and then you do not get support from those who are looking at it in terms of feeding people. That is one source of the problem.

The other source of the problem is that although we talk about food for work, even if you provide food to the worker as his wage and he is hungry, he does not really want only food. So, he may sometimes even sell some of the food that you give him in order to buy other things.

What you therefore need to recognize is that only a part of the wage that he is going to earn is going to be spent on food no matter how hungry he is. This is not recognized, and then once again such sales of food, for example, are treated as an inefficiency in the system, a failure of the system whereas it is not so.

Mr. BEREUTER. It is categorized as a misuse.

Mr. EZEKIEL. It is categorized as a misuse whereas it is not.

Mr. BEREUTER. You would say that this is a normal expectation and that the food allowance should be fungible in part?

Mr. EZEKIEL. Yes, or put it another way. Correctly speaking, it should be recognized that a part of the total cost of the project will be wages and that a part of the wages will be food. Not all the wages will be food, and not all the project costs will be food.

Once that is recognized, then you can focus on what proportion of the total expenditure on the project can be food and see how the rest of the cost of the project can be provided and how you can then have an efficient asset creating process which will help in the long term to make feeding unnecessary in the future since income will be generated from it.

Mr. BEREUTER. Are there any more categories of opposition you can think of?

Mr. EZEKIEL. There is, of course, some amount of corruption and some amount of waste. The issue is whether there is more of it in food for work projects than there is in anything else, because in fact any evaluation of all aid, financial or technical and any evaluation of how domestic resources are used, will show some corruption and some waste. The issue should really be posed in terms of whether it is more wasteful and more corrupt when it is provided for such rural infrastructure projects.

That, I think, tends to be again an idealized kind of look at food for work projects only without looking at the whole developmental context in the developing countries, and that is where you get some opposition.

Mr. BEREUTER. Thank you very much.

Mr. Jenson, could I ask you briefly, protecting yourself as you need to by not being specific about individuals or agencies, why do you think we have, what are the reasons for the reluctance or slowness in moving on monetization?

I am talking about both U.S. and recipient country.

Mr. JENSON. It seems to me that it was mostly in the philosophy of many individuals seated here in Washington that for some reason just didn't want to start this new endeavor even though it wasn't new but being called by this, and it just seemed that some philosophically dragged their feet. That was the reason, I feel, that so many stipulations are put in.

Actually, before the guidelines finally got to us, we had tentative guidelines, telexes, that meant that we wrote three proposals in one case, because every time we wrote one, the next guideline recommendation came and it was a struggle getting it through, I think, here in this part of the world that gave us most of our problem.

But that now has been overcome because of the fact that Congress has now identified what was meant by monetization. Now, they have no choice.

Mr. BEREUTER. Do you see any problems in the recipient country?

Mr. JENSON. No. When we work with the recipient country in such a way that we first go to their ministry that does the importing of food to determine what foods they are already importing, when we work very closely with them so that we do not create any disincentives so that we are actually working in cooperation with them and bringing in possibly a commodity that they are having to import anyway, it is a little easier to give us local currency many times than dig up the hard currency.

So, on the whole, if we have done our groundwork over there, we don't have too much problem. It is when we maybe skip a few steps in the process that we find problems over there.

Mr. BEREUTER. Gentlemen, thank you for your answers. I found them to be very helpful, and I notice a lot of people taking notes from Congressional staffs and from AID. I believe that all of us have learned something from your testimony.

Thank you, Mr. Chairman.

Mr. PENNY. I have one last question for either or both of you, and it has to do with the importance of the host country cooperating and working together with groups such as yours who are involved in these food aid efforts.

Some host countries are unfriendly. As a country, we don't have good relations with them. Others are not very well developed and they don't have much capacity for the government there to deal with the human service delivery programs. I think particularly as we look at Africa we know that we have that kind of deficiency in the management capacity of many of the host countries.

How big of a problem is that when you are involved in Food for Work or monetization programs that have development components, and do you have any recommendations as to how we can overcome that barrier which exists in so many countries that have this need?

Mr. EZEKIEL. Host country cooperation will vary from country to country. The issue is when you have a cooperative government, are you able to implement a program satisfactorily?

Mr. PENNY. Even if you have a cooperative government, though, it may not be one that has much capacity to provide civil servants or others to carry on a program year in and year out.

Mr. EZEKIEL. Yes, I agree with that. In fact, I was going to make the point that if it is cooperative, that is only the first condition to be satisfied.

The next condition is that it must have the capacity. In order to satisfy that condition, the government must come to the conclusion that what is being proposed by way of food aid is a program that will help the country not only immediately but in the long run. Therefore, that program that is proposed must have a long-term context so that the country can recognize that the commitment of resources from its side, limited as those resources are, would be useful and would be desirable.

Therefore, it is necessary for the donor and the recipient country to come together on an agreed program over the long run. That, of course, runs into the problem of the long-term commitments of donors who are unable often to make them because of the legisla-

tive or fiscal requirements that they have behind them, the legal requirements.

Unless some kind of solution is found to that problem, we may not be able to get an effective and efficient use of resources that are in fact provided over the long run. They are in fact provided over a fairly long run, but because no commitment to provide them over the long run is possible, you get inefficiency and ineffectiveness in its use.

Now, a host government that is not strong in its administration may still be able to say if this is a large volume of resources that is going to come significantly over a period of time, perhaps we should build the administration to make the use of those resources effective. The donor government could then provide some assistance in strengthening the administration for the use of the resource too.

Mr. PENNY. It is a classical catch 22, because I can see the folks here in town looking at your request and saying we want more of a commitment from this host country, and you in turn saying without a multiyear commitment, we can't get them to make more of a commitment, and they can't give you a multiyear commitment, so you can't get the commitment over there.

That seems to loom as a bigger problem. I knew it was a problem at the start of the hearing, but it seems a bigger problem than I anticipated.

Mr. EZEKIEL. That is right. Mr. Chairman, may I link that to the question that was asked earlier and say that one of the effects of this situation that you describe and which also therefore provides a partial answer to the earlier question is that therefore, the food for work projects are not fully designed. They are not properly designed. They are not properly engineered. Systems of management are not set up for them because they are talked of as individual projects each in its own right.

External economies that such projects create are not taken advantage of, so that their effectiveness is low. Assessments then show them to not have produced an adequate impact on the economy. Then, you say, well, what is the use? We have devoted such large resources but nothing effective was produced.

If planning of those projects had been done more carefully and, for example, if you created a road to a remote village you also created a small irrigation project there next year and sent your extension workers there to teach them how to change their technology and how to therefore do irrigated farming, then the road and the irrigation project would both become extremely efficient and effective. But you don't have this kind of interacting system taken into account.

Thank you.

Mr. PENNY. Thank you both. We appreciate your testimony.

With that, the hearing is concluded.

[Whereupon, at 12:10 p.m., the task force adjourned, to reconvene subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF HON. MICKEY LELAND, A

REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Thank you very much, Mr. Chairman, for both your leadership and for calling this particular hearing today. I join with you in welcoming our distinguished panel of witnesses who have come to address the important issue of U.S. food assistance to developing countries.

Food aid plays a valuable role in reducing the unacceptable levels of hunger in developing countries. We know that people must have access to enough food before they can engage in the creative, productive activity which drives economic development everywhere. That development, then, would ultimately solve the problem of too much hunger.

Through the hard work of American farmers, the United States currently enjoys a food surplus that greatly exceeds our own domestic needs. The purpose of this hearing is to examine how to better utilize these surpluses in our continuing work to end world hunger.

Some things remain that we must do: the African famine cannot be repeated, and we must do everything we can to ensure that the United States direct food aid expeditiously and in sufficient quantities to all needy Africans, including those in Angola, Ethiopia, Mozambique, the Sudan -- wherever there is a need.

We must continue to improve the effectiveness of our food programs. We also need to fully use all the technological tools we have to alert us of urgent food needs. On this point, I am troubled by reports that the Executive Branch proposes to drop Mozambique from coverage in its very effective Famine Early Warning System (FEWS). This is unacceptable, and I hope that a strong FEWS system which covers the neediest countries of Africa -- certainly including Mozambique -- is continued.

I look forward to working with other Members of Congress and with AID to find better ways to reach the suffering people in developing nations.

Prepared Statement of Hon. Doug Bereuter, a Representative in Congress From the State of Nebraska

It is very appropriate that the first meeting of the year for the International Task Force of the Hunger Committee be devoted to the U.S. food aid program. Food aid is probably the most important and most visible way that the American people fight hunger around the world.

Our meeting this morning takes on even more importance because of the many changes to the U.S. food aid program that have been made in recent years. The 1985 farm bill and last year's Continuing Resolution both contained changes that affect food aid. It may be time to stop and consider, "What hath Congress wrought?"

Several issues will be of particular interest to the Task Force. These include the role of food aid monetization, the effect this has on development, and the degree of its acceptance by recipient countries.

We are also interested in the role that food aid can have in moderating the effects on the poor of bilateral or multilateral development institutions' stuctural or sectorial adjustment reform programs. There is some concern that those who can adjust the least may suffer the most in the short-term. Also, we look forward to more details about the benefits of "food-for-work" programs.

The views of the witnesses will be very useful as we consider these and other questions, and I look forward to their comments.

PREPARED STATEMENT OF THOMAS REESE, DEPUTY ASSISTANT ADMINISTRATOR AND COORDINATOR, OFFICE OF FOOD FOR PEACE, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman, members of the committee, I appreciate the opportunity to review with you the Agency for International Development's contribution to the U.S. government's food aid program, and, in particular, the Title II program.

As you know, during the past thirty-four years, the U.S. Government's food aid program has served multiple objectives:

- to combat hunger and malnutrition
- to encourage economic growth in developing countries;
- to promote the foreign policy and national interests of the United States;
- and to develop export markets for U.S. agricultural markets for U.S. agricultural commodities.

Over the years the emphasis placed on individual objectives has shifted in response to changing domestic and international economic conditions. Yet the four primary objectives, although conflicting at times, remain central to the operation of the overall program.

As you have requested, my remarks today will focus on Title II of PL-480 -- the use of food aid primarily to combat especially hunger and malnutrition. Addressing the fundamental issues of hunger is one of A.I.D.'s foremost priorities, and the PL-480 Title II offers a major national instrument to translate into action the concern which U.S. citizens have for the poor in developing countries. This occurs in a number of ways.

First, U.S. Title II food aid is provided as emergency disaster relief in response to wars, famine, earthquakes and other national and man-made disasters to prevent mass starvation. To be effective such efforts require early identification and location of the problem areas, efficient administration, fast transport and coordination of relief efforts.

Second, U.S. food aid is used to alleviate chronic malnutrition, which takes its greatest toll among infants and young children. For those who do not die of it, the adverse effects of malnutrition are lifelong. Targeted nutrition programs and food supplements which enable the poor to stretch their budgets and obtain both more and more nutritious food, are important components of our Title II programs.

Third, in the longer-run hunger can be eliminated only when the poor countries achieve economic growth, development and equitable distribution of income. Permanently eliminating hunger requires a long-term commitment on the part of both developed and developing countries, and food aid is increasingly becoming an integral part of a global effort to increase Third World food production and generate self-sustaining economic growth. In the past food aid was seen by most as a welfare resource or, at best, as a surplus commodity to be used to activate projects. Now, however, it is increasingly recognized that food aid and food itself is a legitimate development resource in its own right; adequate and equitably distributed food supplies are necessary ingredients for economic growth and not just the result, or by-products of development.

During the 33 years of the "Food for Peace" program, the U.S. Government has delivered 300 million tons of food aid to people on almost every continent . . . an achievement for which the American taxpayer can be proud. And throughout the history of the program Congress and the executive branch have modified

the authorizing legislation and the program's operational procedures to improve its effectiveness in light of new economic and political realities. Thus, while the primary impulse for the program in 1954 was to dispose of the U.S.'s "problem" surplus of agricultural commodities, the PL 480 legislation and U.S. food aid policy has increasingly evolved toward greater support for LDC government, PVO and cooperative efforts to alleviate hunger and promote economic growth.

The recently passed legislation in the Continuing Resolution for FY 88 continues this evolutionary process. As you know this new legislation:

-- increases to 10 percent the minimum amount of the aggregate value of non-emergency Title II programs that shall be monetized each year;
-- authorizes greater flexibility in how these local currency generations can be used in support of Title II objectives;
-- establishes suspense dates for U.S. government review of a cooperative Title II program proposals and commodity calls forward; and
-- encourages closer cooperation between the executive branch and PVO's and cooperatives in the development and issuance of programming guidelines.

Mr. Chairman, although this legislation was passed only two months ago, I am pleased to report that we have already made significant progress in implementing these new provisions.

First, with regard to monetization, we have met formally and informally with representatives of the major PVO's and Cooperatives to discuss the best way to implement this provision, and I believe we have established a working relationship which will lead to productive results. As a result of these discussions A.I.D. has taken the initiative to draft guidance to our field missions regarding the new law. After this guidance is approved by the other members of the interagency Food Aid Subcommittee (DCC), which approves all food aid proposals, the guidance will be transmitted to our embassies and A.I.D. missions abroad and circulated among the PVO's and Cooperatives.

At the present time, in this second quarter of the fiscal year, the DCC has already approved a total of $5.4. million PVO/Cooperative monetization proposals, or 21% of the target of $25 million. In addition, the committee has pending requests totaling $6.3 million, and, if these are approved, 47% of the legislated minimum target will have been met.

In order to reach the minimum target of $25 million, however, the number of PVO/Cooperative monetization proposals must increase dramatically in the next few months, and to this end our guidance to the field will hopefully stimulate additional PVO and Cooperative proposals. In addition to the guidelines, A.I.D. has taken the initiative to draft a monetization field manual which will provide encouragement and detailed guidance to PVO personnel who wish to design, propose and implement monetization programs. AID has shared early drafts of this manual with representatives of the PVO and Cooperative community, and we have incorporated many of their suggestions into a revised draft. We expect that within two months this manual will be approved by the Interagency Food Aid subcommittee and distributed to our field missions.

With regard to the new provision to expedite consideration

of Title II proposals, the DCC views the new legislation as an opportunity to improve further the internal review procedures of the Interagency Food Aid Subcommittee. In this regard, Food for Peace is instituting a tracking system which will regularly provide A.I.D. offices, as well the Interagency committee with a list of priority and pending Title II project proposals along with dates received, reviews scheduled, etc. in order to meet the new 45 day suspense date for the DCC response.

Aside from the difficulties PVO's and Cooperatives will have in quickly designing additional, quality proposals nearly midway through the fiscal year, I must point out, Mr. Chairman, that, in the short term, given the finite limits to our food aid budget, the increased 10% level of monetization may not be achieved in FY 1988 due to emergency feeding requirements, especially in Africa. Over the longer-term, however, we believe that increased monetization by the PVO's and Cooperatives will greatly strengthen the development effectiveness of our Title II programs and provide the resources necessary to offset the increasing administrative costs of getting food to those who need it most.

Mr. Chairman, you asked in your invitation letter that during my testimony I address the food needs in sub-Sahara Africa and the U.S. capacity to meet these needs.

Despite droughts, energy shortages, and other problems, world agricultural production has risen rather dramatically in the last 15 years, and Third World agricultural output was no exception. The developing countries as a whole increased food production faster than they increase their population, so that LDC per capita food production is higher now than it was 15 years ago. This is not an insignificant accomplishment.

Africa, however, has proven to be an unfortunate exception to this encouraging trend. In that region there has been a persistent decline in per capita food production for 20 years, and this inability to increase food production as fast or faster than its population growth rate is the central cause of sub-Sahara Africa's hunger problem. Last year again the sub-Saharan countries experienced a 15% decline in cereal production, partly due to the drought in Ethiopia and Southern Africa.

Professor Hans Singer of Sussex University recently described Africa's long-term food problem in stark terms: He noted that in 1960 both Africa and India produced approximately 50 million tons of cereals each year. By 1986 India, which had added several hundred million to its population,was producing 150 million tons of cereals, or 3 times more than it did in 1960, and it had become a net food exporter; Africa, on the other hand, has still not broken through the 60 million ton range.

There are many reasons why Africa's food production capabilities are stymied, and I'll leave it to the agriculturalists to dissect the underlying causes. For purposes of today's testimony, however, I would like to stress again that treating the cause of Africa's hunger problem requires of sub-Saharan governments a steadfast and long-term commitment to agricultural in general, and the small farmer in particular.

While food production is critical to the alleviation of hunger, we have also learned that outright starvation and famine usually occur on a large scale only where there is political divisiveness, civil confict and regional warfare. It

is under these conditions that normal food market and distribution systems become inoperative, traditional "safety net" social support systems collapse, and communications systems deteriorate. Under these conditions, large population groups are left with no legitimate system through which to obtain sustenance. It is not surprising, therefore, that Ethiopia, Mozambique, Sudan, and Angola are those nations with the most pressing hunger problems and the most seriously affected populations; all four countries are experiencing severe social dislocations due to civil war.

We have also learned that precisely measuring food needs is technically a very complex task. Chronic, structural national food deficits, for example, must be distinguished from episodic emergency shortfalls; an emergency food situation one month can be alleviated entirely only a few months later by a bumper crop; and the accuracy of data upon which food aid needs assessments are based varies widely from country to country. In addition, the information needs of the various public, private-for-profit, and private voluntary organizations vary considerably; a particular estimate which is suitable for one organization's decision needs, for example, may not be helpful to another. In addition, adequate or even surplus aggregate supplies of food at the national level may give the appearance of self-sufficiency, but only masks the fact that there are pockets of distress and outright starvation within the same borders.

Despite these difficulties, we have found that food aid needs assessments are useful planning devices, and, in response to Congressional requests, since 1981 the U.S. Government has prepared such assessments on a country-specific and worldwide basis in order to more judiciously allocate scarce U.S. food aid resources. The current system, which incorporates data from several U.S. government information systems, has been gradually improved since its inception, and it now annually produces four (4) published reports of country-specific and global estimates of food aid needs. Particular attention is paid to sub-Saharan Africa, and the latest report, which was released this month, estimates that in order to maintain food consumption levels at recent levels sub-Sahara Africa will have to import in 1987/88 5.2 million tons of food aid in addition to its estimated commercial imports. This food aid need estimate is more than double the 1986/87 requirements, which were estimated at approximately 2 million tons, and as large as the estimates made in 1984/85 when drought devastated the continent. Within these aggregate estimates, which serve to indicate broad trends, these are significant trouble spots, and, as requested, I'll briefly review some of the individual country situations.

Ethiopia

The 1988 total food deficit in Ethiopia is estimated at 1,625,000 metric tons. This represents the total amount of food required (in addition to domestic food production, commercial food imports and stock contributions) to maintain the 1988 population at the level of consumption to which they have become accustomed. It is estimated that a 1,200,000 metric ton portion of this deficit stems directly from the late onset of the rains during the main planting season and the subsequent poor harvest in the regions affected. The remainder of the deficit, 450,000 metric tons, is attributed to structural causes and would have been present even in the face of normal rainfall patterns. It should be noted, however, that the estimation of the structural deficit of 450,000 metric tons is based on a 5-year average, and it would be significantly higher if calculated using a trend extrapolation method.

The acuteness of the food situation in Ethiopia this year

derives not from the actual magnitude of the shortfall in food crop production (estimated at only 13% of average production, compared to 30% in 1984/85), but from the distribution of the shortfall among the population. Unlike the 1984/85 drought in Ethiopia, when poor rainfall hindered agricultural production over a large segment of the country, many regions actually registered near or above average food crop production for the November - December 1987 Meher (main) harvest. Less than half the regions in Ethiopia were adversely affected this past year; in those regions where drought did have an effect, however, the consequences were devastating. For example, Eritrea, Tigray, Haraghe and Wello reported crop shortfalls of near-record proportions. Because of the security-related constraints placed on the intra-regional trade of agricultural products in Ethiopia, surpluses do not flow freely to deficit areas, and most, if not all, of the expected shortfall is translated directly into emergency food needs for the region under consideration.

Sudan

The 1987/88 sorghum crop is estimated at 1.6 million tons, about half the previous year's output. The primary reason for this decline in production was the 30 percent reduction in area planted resulting from low producer prices. Another significant factor was dry weather in August and September which lowered yields. These poor weather conditions had an impact on the millet crop as well -- lowering production almost 50 percent from the 1986/87 crop to an estimated 150,000 tons.

Due to the production shortfalls, a stock drawdown of over one million tons will be necessary. It will take an unprecedented effort to move these stocks from surplus areas in the east to deficit areas in the west. With commercial import capacity of 137,000 tons, the estimated additional food needs are 678,000 tons, most of which are normal wheat imports.

Mozambique

As Mozambique enters the traditional lean season (February to April), the emergency situation shows no signs of improvement. Last year less than 10 percent of the total amount of grain required by urban, displaced and "affected" populations was supplied through domestic production, and the current estimates are that this percentage is unlikely to increase in the near future. During December and January, AID's the Famine Early Warning System (FEWS) reported poor rains and reduced vegetative cover throughout the country. Because of the severe displacements of people during the past several years, it is difficult to determine with any precision the effects on local production.

Angola

Since there is no USAID Mission in Angola, information on the situation is secondary. It appears clear from FAO reports, however, that the food supply situation in Angola remains problematic, with the 1987/1988 food aid requirement estimated at above normal levels. Despite favorable precipitation and indications of increases in acreage planted, Angola's grain output continued to decline in 1987. Corn production is estimated at 230,000 tons, below the base period average of 260,000. The bulk of production will be consumed at the subsistence level, with only a negligible surplus available for marketing. Urban areas rely almost entirely on imported food. Food aid has accounted for about 25 percent of grain imports in recent years. Angola's commercial imports will probably be

near the average of recent years -- less than 200,000 tons -- and its additional food needs will range from 100,000 to 200,000 tons.

Malawi

Malawi has recently emerged as another trouble spot. Continued drought has reduced the estimated corn production by 90,000 tons for 1987/88, and the civil war in neighboring Mozambique has begun to significantly affect the economy. Our USAID Mission recently reported that additional food aid will be needed to feed an estimated 500,000 refugees from Mozambique as well as one million Malawians who need food assistance.

In response to Africa's long term decline in food production and its increasing need for food aid, the US government has responded by rapidly increasing the amount of food aid it provides to that region. During the 1970's the U.S. provided an average of $101 million of food aid to sub-Saharan Africa each year. As the region's food crisis deepened in the 1980s the U.S. responded with more food and economic assistance, and from 1980 to 1987 AID provided an average $335 million of food aid per year. In FY 1988 we plan to ship to Africa over 1.3 million tons at a cost of $368 million. Although we have not yet finalized FY 88 allocations, we have a reasonably firm fix by now on this years country-specific allotments. I would, therefore, like to provide the committee with a 15 page tentative budget summary of FY 88 U.S. food aid allocations to Africa. This table tallies allocations in both dollars and tons and distinguishes between Title I, Title II, Regular Program, PVO Programs, etc.

It is becoming increasingly difficult to reach the most seriously affected in strife-torn areas, such as Mozambique and Ethiopia, and PVO's are finding the cost of administering targeted feeding activities prohibitively expensive. Although we in the food aid community cannot hope to influence the internal peace processes in strife-torn countries, we have offset escalating PVO and Cooperative costs in moving the food aid to the people who need it most. Specifically, while during the African drought of 1985/86, our general policy was to provide only 50% of the PVO costs for moving and delivering food aid, today we are funding 100% of transportation and ancillary costs. In addition our office of Foreign Disaster Assistance (OFDA) has provided substantial sums to fund PVO overhead and operating costs.

While the PVO's have a special capacity to reach the poorest directly through their U.S. Government-supported targeted food relief activities, we in the U.S. Government have begun to tie the bilateral provision of food aid more closely to policy reform efforts of the recipient government. If, for example, a nation sets its food producer prices too low in an effort to placate politicized urban elements, we normally include a discussion of our dissatisfaction with this policy while negotiating a bilateral food grant or loan. This kind of policy dialogue, particularly when supported by a coordinated donor effort, has produced results, and we intend to continue to use aid agreement negotiations as additional opportunities to further constructive dialogue.

01/20/88

SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
BENIN	5,686.7	1,483.9	532.6	0.0	0.0	532.6	2,016.5
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	5,686.7	1,483.9	532.6	0.0	0.0	532.6	2,016.5
Regular	5,686.7	1,483.9	532.6	0.0	0.0	532.6	2,016.5
Volag	3,308.5	1,043.6	413.6	0.0	0.0	413.6	1,457.2
WFP	2,378.2	440.3	119.0	0.0	0.0	119.0	559.3
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BOTSWANA	50,480.5	10,014.2	4,230.4	3,808.6	0.0	8,039.0	18,053.2
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	44,226.5	9,457.6	3,761.3	3,183.2	0.0	6,944.5	16,402.1
Regular	26,226.5	4,525.0	1,511.3	1,383.2	0.0	2,894.5	7,419.5
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	18,226.4	3,812.5	911.3	583.2	0.0	1,494.5	5,307.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	8,000.1	712.5	600.0	800.0	0.0	1,400.0	2,112.5
Emerg.	18,000.0	4,932.6	2,250.0	1,800.0	0.0	4,050.0	8,982.6
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	18,000.0	4,932.6	2,250.0	1,800.0	0.0	4,050.0	8,982.6
Sec. 416	6,254.0	556.6	469.1	625.4	0.0	1,094.5	1,651.1
BURKINA FASO	22,115.1	4,184.3	2,331.1	1,932.0	0.0	4,263.1	8,447.4
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	22,115.1	4,184.3	2,331.1	1,932.0	0.0	4,263.1	8,447.4
Regular	22,115.1	4,184.3	2,331.1	1,932.0	0.0	4,263.1	8,447.4
Volag	18,003.7	3,199.1	2,125.5	1,800.4	0.0	3,925.9	7,125.0
WFP	4,111.4	985.2	205.6	131.6	0.0	337.2	1,322.4
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
BURUNDI	781.1	169.3	39.1	25.0	0.0	64.1	233.4
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	781.1	169.3	39.1	25.0	0.0	64.1	233.4
Regular	781.1	169.3	39.1	25.0	0.0	64.1	233.4
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	781.1	169.3	39.1	25.0	0.0	64.1	233.4
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAMEROON REPUBLIC	679.9	380.7	34.0	0.0	0.0	34.0	414.7
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	679.9	380.7	34.0	0.0	0.0	34.0	414.7
Regular	679.9	380.7	34.0	0.0	0.0	34.0	414.7
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	679.9	380.7	34.0	0.0	0.0	34.0	414.7
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPE VERDE ISLAND	17,699.8	1,817.1	1,260.0	0.0	0.0	1,260.0	3,077.1
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	17,699.8	1,817.1	1,260.0	0.0	0.0	1,260.0	3,077.1
Regular	17,699.8	1,817.1	1,260.0	0.0	0.0	1,260.0	3,077.1
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	2,699.8	421.6	135.0	0.0	0.0	135.0	556.6
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	15,000.0	1,395.5	1,125.0	0.0	0.0	1,125.0	2,520.5
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
CENTRAL AFRICAN REP.	4,700.2	1,077.4	235.0	150.4	0.0	385.4	1,462.8
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	4,700.2	1,077.4	235.0	150.4	0.0	385.4	1,462.8
Regular	4,700.2	1,077.4	235.0	150.4	0.0	385.4	1,462.8
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	4,700.2	1,077.4	235.0	150.4	0.0	385.4	1,462.8
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHAD	6,496.9	1,372.5	324.8	207.9	0.0	532.7	1,905.2
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	6,496.9	1,372.5	324.8	207.9	0.0	532.7	1,905.2
Regular	6,496.9	1,372.5	324.8	207.9	0.0	532.7	1,905.2
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	6,496.9	1,372.5	324.8	207.9	0.0	532.7	1,905.2
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COMORO ISLANDS	4,029.6	849.1	201.5	0.0	0.0	201.5	1,050.6
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	4,029.6	849.1	201.5	0.0	0.0	201.5	1,050.6
Regular	4,029.6	849.1	201.5	0.0	0 0	201.5	1,050.6
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	4,029.6	849.1	201.5	0.0	0.0	201.5	1,050.6
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
CONGO	89.8	64.0	4.5	0.0	0.0	4.5	68.5
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	89.8	64.0	4.5	0.0	0.0	4.5	68.5
Regular	89.8	64.0	4.5	0.0	0.0	4.5	68.5
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	89.8	64.0	4.5	0.0	0.0	4.5	68.5
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EQUATORIAL GUINEA	1,150.3	328.9	57.5	0.0	0.0	57.5	386.4
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	1,150.3	328.9	57.5	0.0	0.0	57.5	386.4
Regular	1,150.3	328.9	57.5	0.0	0.0	57.5	386.4
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	1,150.3	328.9	57.5	0.0	0.0	57.5	386.4
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ETHIOPIA	251,138.9	41,681.9	21,443.7	0.0	24,454.1	45,897.8	87,579.7
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	144,238.9	29,201.5	13,426.1	0.0	13,514.1	26,940.2	56,221.7
Regular	3,700.5	462.5	277.5	0.0	0.0	277.5	740.0
Volag	3,700.5	462.5	277.5	0.0	0.0	277.5	740.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	140,538.4	28,819.0	13,148.6	0.0	13,514.1	26,662.7	55,481.7
Volag	140,538.4	28,819.0	13,148.6	0.0	13,514.1	26,662.7	55,481.7
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	106,900.0	12,480.4	8,017.6	0.0	10,940.0	18,957.6	31,358.0

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Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
ETHIOPIAN REFUGEE	15,000.0	2,712.6	1,270.0	2,250.0	0.0	3,520.0	6,232.6
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	15,000.0	2,712.6	1,270.0	2,250.0	0.0	3,520.0	6,232.6
Regular	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	15,000.0	2,712.6	1,270.0	2,250.0	0.0	3,520.0	6,232.6
Volag	15,000.0	2,712.6	1,270.0	2,250.0	0.0	3,520.0	6,232.6
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GAMBIA	12,287.9	4,115.5	1,442.8	0.0	0.0	1,442.8	5,558.3
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	12,287.9	4,115.5	1,442.8	0.0	0.0	1,442.8	5,558.3
Regular	12,287.9	4,115.5	1,442.8	0.0	0.0	1,442.8	5,558.3
Volag	2,561.9	921.6	349.0	0.0	0.0	349.0	1,270.6
WFP	1,626.1	358.2	81.3	0.0	0.0	81.3	439.5
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	8,099.9	2,835.7	1,012.5	0.0	0.0	1,012.5	3,848.2
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GHANA	60,385.4	13,739.4	2,327.4	0.0	0.0	2,327.4	16,066.8
Title I	36,000.0	6,000.0	0.0	0.0	0.0	0.0	6,000.0
Title II	24,385.4	7,739.4	2,327.4	0.0	0.0	2,327.4	10,066.8
Regular	24,385.4	7,739.4	2,327.4	0.0	0.0	2,327.4	10,066.8
Volag	16,424.3	4,843.9	1,929.3	0.0	0.0	1,929.3	6,773.2
WFP	7,961.1	2,895.5	398.1	0.0	0.0	398.1	3,293.6
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
GUINEA	589.7	110.5	29.5	0.0	0.0	29.5	140.0
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	589.7	110.5	29.5	0.0	0.0	29.5	140.0
Regular	589.7	110.5	29.5	0.0	0.0	29.5	140.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	589.7	110.5	29.5	0.0	0.0	29.5	140.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GUINEA BISSAU	1,539.9	573.7	77.0	0.0	0.0	77.0	650.7
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	1,539.9	573.7	77.0	0.0	0.0	77.0	650.7
Regular	1,539.9	573.7	77.0	0.0	0.0	77.0	650.7
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	1,539.9	573.7	77.0	0.0	0.0	77.0	650.7
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IVORY COAST	149.7	68.5	7.5	0.0	0.0	7.5	76.0
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	149.7	68.5	7.5	0.0	0.0	7.5	76.0
Regular	149.7	68.5	7.5	0.0	0.0	7.5	76.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	149.7	68.5	7.5	0.0	0.0	7.5	76.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

01/20/88

SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
KENYA	45,099.8	5,071.1	5.0	0.0	0.0	5.0	5,076.1
Title I	45,000.0	5,000.0	0.0	0.0	0.0	0.0	5,000.0
Title II	99.8	71.1	5.0	0.0	0.0	5.0	76.1
Regular	99.8	71.1	5.0	0.0	0.0	5.0	76.1
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	99.8	71.1	5.0	0.0	0.0	5.0	76.1
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LESOTHO	23,715.5	4,870.9	2,055.0	1,547.0	0.0	3,602.0	8,472.9
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	23,715.5	4,870.9	2,055.0	1,547.0	0.0	3,602.0	8,472.9
Regular	23,715.5	4,870.9	2,055.0	1,547.0	0.0	3,602.0	8,472.9
Volag	11,589.9	2,663.0	1,448.7	1,159.0	0.0	2,607.7	5,270.7
WFP	12,125.6	2,207.9	606.3	388.0	0.0	994.3	3,202.2
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LIBERIA	800.1	10,181.9	40.0	0.0	0.0	40.0	10,221.9
Title I	0.0	10,000.0	0.0	0.0	0.0	0.0	10,000.0
Title II	800.1	181.9	40.0	0.0	0.0	40.0	221.9
Regular	800.1	181.9	40.0	0.0	0.0	40.0	221.9
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	800.1	181.9	40.0	0.0	0.0	40.0	221.9
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

01/22/88

SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
MADAGASCAR	16,939.4	7,013.0	777.8	0.0	0.0	777.8	7,790.8
Title I	11,000.0	5,000.0	0.0	0.0	0.0	0.0	5,000.0
Title II	5,939.4	2,013.0	777.8	0.0	0.0	777.8	2,790.8
Regular	5,939.4	2,013.0	777.8	0.0	0.0	777.8	2,790.8
Volag	5,939.4	2,013.0	777.8	0.0	0.0	777.8	2,790.8
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MALAWI	48,182.7	6,143.6	4,092.2	1,130.1	0.0	5,222.3	11,365.9
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	29,889.7	4,058.2	2,177.6	1,130.1	0.0	3,307.7	7,365.9
Regular	2,564.6	642.5	128.2	82.1	0.0	210.3	852.8
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	2,564.6	642.5	128.2	82.1	0.0	210.3	852.8
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	27,325.1	3,415.7	2,049.4	1,048.0	0.0	3,097.4	6,513.1
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	27,325.1	3,415.7	2,049.4	1,048.0	0.0	3,097.4	6,513.1
Sec. 416	18,293.0	2,085.4	1,914.6	0.0	0.0	1,914.6	4,000.0
MALI	10,487.1	3,112.5	619.6	511.5	0.0	1,131.1	4,243.6
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	10,487.1	3,112.5	619.6	511.5	0.0	1,131.1	4,243.6
Regular	10,487.1	3,112.5	619.6	511.5	0.0	1,131.1	4,243.6
Volag	2,587.3	377.8	224.6	258.7	0.0	483.3	861.1
WFP	7,899.8	2,734.7	395.0	252.8	0.0	647.8	3,382.5
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

01/20/88

SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
MAURITANIA	25,848.7	3,550.7	1,881.1	0.0	0.0	1,881.1	5,431.8
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	25,848.7	3,550.7	1,881.1	0.0	0.0	1,881.1	5,431.8
Regular	25,848.7	3,550.7	1,881.1	0.0	0.0	1,881.1	5,431.8
Volag	1,181.2	285.9	147.7	0.0	0.0	147.7	433.6
WFP	4,667.5	1,243.5	233.4	0.0	0.0	233.4	1,476.9
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	20,000.0	2,021.3	1,500.0	0.0	0.0	1,500.0	3,521.3
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MAURITIUS	19,300.0	3,556.8	1,962.0	0.0	0.0	1,962.0	5,518.8
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	2,600.0	618.0	130.0	0.0	0.0	130.0	748.0
Regular	2,600.0	618.0	130.0	0.0	0.0	130.0	748.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	2,600.0	618.0	130.0	0.0	0.0	130.0	748.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	16,700.0	2,938.8	1,832.0	0.0	0.0	1,832.0	4,770.8
MOZAMBIQUE	77,948.0	20,538.7	8,160.7	0.0	2,300.0	10,460.7	30,999.4
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	77,948.0	20,538.7	8,160.7	0.0	2,300.0	10,460.7	30,999.4
Regular	59.9	42.6	3.0	0.0	0.0	3.0	45.6
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	59.9	42.6	3.0	0.0	0.0	3.0	45.6
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	77,888.1	20,496.1	8,157.7	0.0	2,300.0	10,457.7	30,953.8
Volag	23,395.2	7,638.4	2,320.7	0.0	0.0	2,320.7	9,959.1
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	54,492.9	12,857.7	5,837.0	0.0	2,300.0	8,137.0	20,994.7
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
NIGER	10,284.7	1,445.9	647.2	690.9	0.0	1,338.1	2,784.0
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	4,964.7	972.4	248.2	158.9	0.0	407.1	1,379.5
Regular	4,964.7	972.4	248.2	158.9	0.0	407.1	1,379.5
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	4,964.7	972.4	248.2	158.9	0.0	407.1	1,379.5
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	5,320.0	473.5	399.0	532.0	0.0	931.0	1,404.5
RWANDA	4,170.8	1,107.8	644.1	515.1	0.0	1,159.2	2,267.0
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	4,170.8	1,107.8	644.1	515.1	0.0	1,159.2	2,267.0
Regular	4,170.8	1,107.8	644.1	515.1	0.0	1,159.2	2,267.0
Volag	4,140.9	1,086.5	642.8	514.1	0.0	1,156.7	2,243.2
WFP	29.9	21.3	1.5	1.0	0.0	2.5	23.8
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SAO TOME & PRINCIPE	1,340.8	243.2	67.0	0.0	0.0	67.0	310.2
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	1,340.8	243.2	67.0	0.0	0.0	67.0	310.2
Regular	1,340.8	243.2	67.0	0.0	0.0	67.0	310.2
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	1,340.8	243.2	67.0	0.0	0.0	67.0	310.2
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

01/20/88

SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
SENEGAL	23,064.5	9,740.7	2,374.7	0.0	0.0	2,374.7	12,115.4
Title I	0.0	5,000.0	0.0	0.0	0.0	0.0	5,000.0
Title II	23,064.5	4,740.7	2,374.7	0.0	0.0	2,374.7	7,115.4
Regular	23,064.5	4,740.7	2,374.7	0.0	0.0	2,374.7	7,115.4
Volag	16,299.1	3,807.5	2,036.4	0.0	0.0	2,036.4	5,843.9
WFP	6,765.4	933.2	338.3	0.0	0.0	338.3	1,271.5
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SEYCHELLES	346.5	109.3	43.3	0.0	0.0	43.3	152.6
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	346.5	109.3	43.3	0.0	0.0	43.3	152.6
Regular	346.5	109.3	43.3	0.0	0.0	43.3	152.6
Volag	346.5	109.3	43.3	0.0	0.0	43.3	152.6
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SIERRA LEONE	20,385.2	5,222.2	423.2	0.0	0.0	423.2	5,645.4
Title I	17,000.0	4,000.0	0.0	0.0	0.0	0.0	4,000.0
Title II	3,385.2	1,222.2	423.2	0.0	0.0	423.2	1,645.4
Regular	3,385.2	1,222.2	423.2	0.0	0.0	423.2	1,645.4
Volag	3,385.2	1,222.2	423.2	0.0	0.0	423.2	1,645.4
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

01/21/88

SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
SOMALIA REPUBLIC	40,581.6	12,556.2	3,299.1	0.0	120.0	3,419.1	15,975.3
Title I	7,000.0	4,900.0	100.0	0.0	0.0	100.0	5,000.0
Title II	33,581.6	7,656.2	3,199.1	0.0	120.0	3,319.1	10,975.3
Regular	33,581.6	7,656.2	3,199.1	0.0	0.0	3,199.1	10,855.3
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	11,581.7	2,326.4	579.1	0.0	0.0	579.1	2,905.5
IEFR	21,999.9	5,329.8	2,620.0	0.0	0.0	2,620.0	7,949.8
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	120.0	120.0	120.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	120.0	120.0	120.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SUDAN	350,110.6	43,223.8	1,862.8	2,356.7	0.0	4,219.5	47,443.3
Title I	325,000.0	40,000.0	0.0	0.0	0.0	0.0	40,000.0
Title II	25,110.6	3,223.8	1,862.8	2,356.7	0.0	4,219.5	7,443.3
Regular	1,904.6	319.5	122.3	36.1	0.0	158.4	477.9
Volag	360.6	99.7	45.1	36.1	0.0	81.2	180.9
WFP	1,544.0	219.8	77.2	0.0	0.0	77.2	297.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	23,206.0	2,904.3	1,740.5	2,320.6	0.0	4,061.1	6,965.4
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	23,206.0	2,904.3	1,740.5	2,320.6	0.0	4,061.1	6,965.4
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SWAZILAND	14,656.0	2,106.5	832.2	59.1	0.0	891.3	2,997.8
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	1,847.0	646.3	92.4	59.1	0.0	151.5	797.8
Regular	1,847.0	646.3	92.4	59.1	0.0	151.5	797.8
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	1,847.0	646.3	92.4	59.1	0.0	151.5	797.8
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	12,809.0	1,460.2	739.8	0.0	0.0	739.8	2,200.0

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SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
TANZANIA	5,911.4	1,188.0	468.2	0.0	0.0	468.2	1,656.2
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	5,401.4	837.4	404.4	0.0	0.0	404.4	1,241.8
Regular	5,401.4	837.4	404.4	0.0	0.0	404.4	1,241.8
Volag	1,790.8	416.0	223.9	0.0	0.0	223.9	639.9
WFP	3,610.6	421.4	180.5	0.0	0.0	180.5	601.9
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	510.0	350.6	63.8	0.0	0.0	63.8	414.4
TOGO	11,558.1	3,188.2	1,122.3	0.0	0.0	1,122.3	4,310.5
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	11,558.1	3,188.2	1,122.3	0.0	0.0	1,122.3	4,310.5
Regular	11,558.1	3,188.2	1,122.3	0.0	0.0	1,122.3	4,310.5
Volag	7,258.0	2,447.5	907.3	0.0	0.0	907.3	3,354.8
WFP	4,300.1	740.7	215.0	0.0	0.0	215.0	955.7
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UGANDA	7,350.1	1,588.8	405.0	269.2	0.0	674.2	2,263.0
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	7,350.1	1,588.8	405.0	269.2	0.0	674.2	2,263.0
Regular	6,850.2	1,232.9	342.5	219.2	0.0	561.7	1,794.6
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	6,850.2	1,232.9	342.5	219.2	0.0	561.7	1,794.6
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	499.9	355.9	62.5	50.0	0.0	112.5	468.4
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	499.9	355.9	62.5	50.0	0.0	112.5	468.4
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
ZAIRE	23,293.4	13,236.0	237.6	0.0	0.0	237.6	13,473.6
Title I	21,000.0	13,000.0	0.0	0.0	0.0	0.0	13,000.0
Title II	2,293.4	236.0	237.6	0.0	0.0	237.6	473.6
Regular	2,293.4	236.0	237.6	0.0	0.0	237.6	473.6
Volag	2,293.4	236.0	237.6	0.0	0.0	237.6	473.6
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ZAMBIA	52,299.8	10,082.2	15.0	9.6	0.0	24.6	10,106.8
Title I	52,000.0	10,000.0	0.0	0.0	0.0	0.0	10,000.0
Title II	299.8	82.2	15.0	9.6	0.0	24.6	106.8
Regular	299.8	82.2	15.0	9.6	0.0	24.6	106.8
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	299.8	82.2	15.0	9.6	0.0	24.6	106.8
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ZIMBABWE	21,333.0	2,474.6	1,325.4	0.0	0.0	1,325.4	3,800.0
Title I	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Title II	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regular	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerg.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Volag	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sec. 416	21,333.0	2,474.6	1,325.4	0.0	0.0	1,325.4	3,800.0

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SUMMARY U.S. FOOD AID AFRICA FY 1988
P.L. 480 TITLE I/II/SECTION 416/FOOD SECURITY RESERVE

Country	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal Frt	$000 Total Frt	$000 Total
AFRICA	1,310,009.2	256,296.1	69,208.9	15,463.1	26,874.1	111,546.1	367,842.2
Title I	514,000.0	102,900.0	100.0	0.0	0.0	100.0	103,000.0
Title II	607,890.2	130,656.0	54,347.6	14,305.7	15,934.1	84,587.4	215,243.4
Regular	305,432.7	67,019.8	25,668.9	6,837.1	0.0	32,506.0	99,525.8
Volag	101,171.2	25,235.1	12,253.1	3,768.3	0.0	16,021.4	41,256.5
WFP	131,161.6	29,489.9	6,558.3	2,268.8	0.0	8,827.1	38,317.0
IEFR	21,999.9	5,329.8	2,620.0	0.0	0.0	2,620.0	7,949.8
GTG	51,100.0	6,965.0	4,237.5	800.0	0.0	5,037.5	12,002.5
Emerg.	302,457.5	63,636.2	28,678.7	7,468.6	15,934.1	52,081.4	115,717.6
Volag	178,933.6	39,170.0	16,739.3	2,250.0	13,514.1	32,503.4	71,673.4
WFP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IEFR	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GTG	123,523.9	24,466.2	11,939.4	5,218.6	2,420.0	19,578.0	44,044.2
Sec. 416	188,119.0	22,740.1	14,761.3	1,157.4	10,940.0	26,858.7	49,598.8
Emergency Recap.	302,457.5	63,636.2	28,678.7	7,468.6	15,934.1	52,081.4	115,717.6
Title II	302,457.5	63,636.2	28,678.7	7,468.6	15,934.1	52,081.4	115,717.6

ADDITIONAL QUESTIONS FOR THOMAS REESE

Submitted by Hon. Tony P. Hall

TITLE II MONETIZATION

Mr. Hall: Your statement to the Committee indicated a monetization level within title II of 5.5 percent for FY 88 programs, whereas your written testimony indicated a projected level of 4.7 percent. Could you please resolve this discrepancy and include a detailed breakdown on which programs are included to obtain the monetization figure?

Answer: Throughout any given year, projected dollar values of P.L. 480 Title II programs, for which procurements have not taken place, are subject to frequent change. These changes in value estimates may be due to repricing caused by USDA-projected increases or decreases in commodity costs, revisions in commodity levels or in the mix of commodities requested, the receipt of new program requests, or by Development Coordinating Committee (DCC) approval of a commodity level for a specific program which might differ from the request. The commodity costs attributable to a particular program are not fixed until actual procurement has taken place. Thus, projected program estimates may even vary from day to day, as they did between the time the written statement was prepared and oral testimony was delivered.

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The following table presents current Title II FY 88 Voluntary Agency monetization program approvals and estimated values.

APPROVED VOLAG MONETIZATION PROGRAMS

Country	Sponsor	Commodity	MTN	Commodity Value ($000)
Bangladesh	CARE	Wheat, Bulk	13,500.0	1,687.5
Burkina Faso	CRS	Wheat, Bulk	2,500.2	312.5
Ethiopia	SCF	Wheat, Bagged	1,000.2	125.0
		Vegoil	259.9	185.1
		Subtotal	1,260.1	310.1
	FHI	Wheat, Bagged	2,700.3	337.5
		Vegoil	560.2	398.9
		Subtotal	3,260.5	736.4
	CARE	Vegoil	340.2	242.3
	EOC	Vegoil	391.0	278.4
	Ethiopia	Total	5,251.8	1,567.2
Ghana	CRS	Wheat, Bulk	2,500.2	312.5
Morocco	CRS	Wheat, Bagged	13,187.0	1,662.9

| Country | Sponsor | Commodity | MTN | Commodity Value ($000) |

Senegal	CRS	Cornmeal	400.1	60.0
		NFDM	99.8	27.3
		SFSG	640.0	125.6
	Senegal Total		1,139.9	212.9
Sierra Leone	CRS	Vegoil, 5	881.8	627.9
Zaire	ORT	NFDM	1,312.3	144.7
TOTAL PVO			40,273.2	6,528.1

Percent of Volag/WFP Regular Program Commodity Value	$ MIL	Percent
Target	28.3	10.0%
Approved to Date (PVO only)	6.5	2.3%

As the table demonstrates, FY 88 monetization program approvals are currently at a level of 2.3 percent. Additionally, CARE and the National Cooperative Business Association in Indonesia programs valued at approximately $3 million were submitted to the Interagency Review Committee for approval on Friday March 18, 1988 and we are awaiting their decision.

WORLD FOOD PROGRAMME

Mr. Hall: Could you please provide us with additional information on the U.S. Government's proposed pledge to the World Food Programme? Would it not be possible to use an increased pledge from Title II in helping you to meet the FY 88 1.425 mmt subminimum requirement? Is the U.S. Government planning a reduction in USG pledges to the World Food Programme? If so, how deep a reduction is planned, and what is the rationale for such a decision?

Answer: The next U.S. pledge for the World Food Programme (WFP) will cover the calendar years 1989-90. We are beginning now to consider the level and composition of our next commitment.

Our pledge to the World Food Programme does help to meet the 1.425 million metric tons subminimum required by Congress. However, the FY 88 Title II budget is almost fully programmed, leaving no real opportunity to increase our current pledge to WFP.

The Administration is highly supportive of WFP, which the United States was instrumental in establishing. The United States has been and will continue to be one of the largest donors.

The Administration is reviewing the resources available to pledge to the WFP. No reduction is planned from the level provided under Title II, our main vehicle for such pledges.

In the recent three pledge cycles, however, we were able to provide additional WFP commodities under Section 416(b) of the Agricultural Act of 1949. This temporary pledge increase enabled us to help reduce costly surplus stocks owned by the U.S. government. These stocks are greatly reduced at the present time, and competing uses for domestic purposes have higher priority legislatively. Because of the unreliable availability of these stocks, we believe is not appropriate to plan on their use in our pledge for calendar years 1989 and 1990.

We wish to emphasize that the traditional program for the U.S. contribution to WFP has been PL 480, Title II and that no reduction is expected from the current Title II portion of our pledge in keeping with the Administration's strong support for WFP.

POLICY GUIDELINES FOR MONETIZATION

Mr. Hall: When will the new policy guidelines on monetization be available to the private and voluntary and cooperative community in final form? Could you send a copy to the Committee prior to final distribution?

Answer: We have prepared monetization guidance which reflects the substantive changes contained in the Continuing Resolution under which our Title II program is being funded. This guidance was prepared in cable form by representatives of the Development Coordinating Committee (DCC) in a number of recent meetings. We intend to send this cable to all our overseas missions in the near future. However, consistent with other provisions in the CR--provisions which call for close formal consultation with the private voluntary organization and cooperative community--we are now in the process of sending this draft guidance to the PVOs and cooperatives. The aim of this exercise is to elicit PVO and cooperatives responses to the draft, and possibly to incorporate suggested changes before issuing final guidance.

Submitted by Hon. Byron L. Dorgan

NEW TECHNOLOGIES

Mr. Dorgan: What possibilities do you see to use new technologies to meet food needs?

Answer: There are a number of interesting proposals, particularly in shipping, logistics, and storage, that we have reviewed and that could have a substantial impact upon the development of a more efficient delivery system for our food aid.

Efforts are continually being made to make our deliveries more timely. One way has been by pursuing, where possible, bulk delivery with bagging at final destination or port of discharge. Bulk delivery saves a considerable amount of time and money. In Ethiopia, where port backlogs continue to plague all donor efforts to combat famine, a bulk delivery and storage system has been proposed. This system employs a new storage technology using portable grain silos. These silos are made of a new plastic material that is lightweight, durable, treated with ultraviolet light inhibitors, and can be hermetically sealed to protect commodities from rain and ground seepage. These silos are portable and can be moved to emergency distribution points

to increase their reserve capacities. Although this particular delivery system will probably not be employed in Ethiopia, this new technology may have far reaching ramifications for grain storage in third world climates.

RAISING FOOD AID LEVELS

Mr. Dorgan: Would it, in your opinion, be useful to consider raising our food aid levels considerably? How could we usefully double our food aid programs, for example?

Answer: I do not believe a doubling of our food assistance effort would be appropriate. As in all federal programs, the budget process for food assistance involves careful weighing of options and objectives. In the specific case of food assistance, an interagency decision-making process is involved, and the interests of five Executive Branch agencies have to be considered. The President's budget for food assistance included, in addition to humanitarian need and potential development and economic growth, consideration of: 1) the need to protect U.S. commercial food sales from an oversupply of U.S. government supported concessional sales or grant food aid abroad: 2) the need to maintain usual marketing arrangements with our major trading partners: 3) the need to insure that adequate storage, handling and transportation systems are in place so that food assistance would not be wasted; and 4) the need to provide price incentives for local producers of food in the countries where U.S. food assistance is received.

As with all budget line items, it is theoretically possible that more food assistance might be used, if provided by the Congress. However, we feel the Administration's request is appropriate, given current budget constraints and the aforementioned factors that were considered in the budget development process.

FOOD AID IN EL SALVADOR

Mr. Dorgan: What are U.S. Government food aid programs doing to rehabilitate rural infrastructure disturbed or destroyed in civil strife engulfing Central America?

Answer: In 1988 El Salvador enters its ninth year of insurgency and PL 480 food aid has played a significant role over this period in supporting Government of El Salvador (GOES) efforts to repair vital infrastructure damaged by guerrilla sabotage. This is being carried out through the Title I concessional sales program, the Title II food donation program and the Section 416 sugar quota compensation program.

Current PL 480 Title I levels of $35 million annually (together with $185 million Economic Support Fund (ESF) levels) assist the GOES to keep vital infrastructure and services operating in rural areas by generating local currency to be used for financing programs agreed to by the U.S. and El Salvador. Local currency programs funded by the colon equivalent of ESF, Section 416, and PL 480 Title I disbursements totalled approximately $214 million in FY 1987 and supported 66 sub-programs (economic stablization - 19; economic recovery - 17; broadening the benefits of growth - 13; and

democratic initiatives - 7) consistent with the four Bipartisan Commission (Jackson Plan) objectives. Under the goal of economic stabilization, local currencies support both public services restoration and the displaced persons program. Food aid (Section 416 and Title I) is thus negotiated with the GOES to complement our ESF and Development Assistance (DA) programs in this critical area.

Additionally, the major thrust of the Title II program (approximately $10 million annually) is to provide continuing support to nutritionally at risk segments of the population and to assist the Salvadoran displaced person population to reintegrate into the economic mainstream through food for work projects. The GOES Directorate of Community Development (DIDECO) food for work program, which had been directed exclusively toward the urban marginal poor, is being expanded to incorporate more rural communities. At the same time, Title II programs operated through PVOs support displaced persons and maternal-child health nutrition needs.

Prepared Statement of Glenn D. Whiteman, Deputy Assistant Administrator, Foreign Agricultural Service, U.S. Department of Agriculture

Mr. Chairman, members of the committee, I appreciate the opportunity to discuss with you the outlook for world food aid needs and the Department's food aid programs.

World Food Needs Outlook

Assessing world food aid needs is a particularly challenging task, because it can have serious implications for both donor and recipient countries. It has the potential to affect the lives of many millions of people and influence the expenditure of many millions of dollars. In order to provide the U.S. government with the best possible assessment of potential food aid needs, the U.S. Department of Agriculture, the Department of State and the U.S. Agency for International Development collaborate through an Interagency Food Aid Analysis Working Group. This group updates its food needs forecasts four times each year--with the latest update released January 29. In addition, we seek information from other sources such as the Food and Agriculture Organization of the United Nations and use continuous reporting from our embassies.

This newest appraisal, which measures the amount of cereals each of 69 developing countries would need to maintain their existing dietary standards considering their production and stocks, indicates a shortfall of a little over 21 million tons during the 1987/88 marketing year. Cereal production in Asia is sharply below year-earlier levels. While India, the country with the greatest production shortfalls, has enough grain stocks to prevent any real crises, food needs in neighboring Sri Lanka and Nepal, are up sharply.

In Sub-Saharan Africa, cereal shortfalls this marketing year are as severe as they were in 1984/85. The Working Group estimates the region's food production and stocks are some 5.2 million tons short of its needs. Another major drought in Ethiopia has already caused that country's food needs to rise to 1.6 million tons, which is nearly double the food needs assessment only six months ago. In Eritrea, the crop loss is estimated at 80 percent.

I would like to note that the U.S. government did have adequate early warning of the deteriorating situation in Ethiopia over the past six months. Closer cooperation with other international aid donors helped, as did the

information we obtained from the Famine Early Warning System (FEWS), which is operated by the U.S. Agency for International Development.

FEWS has been underway on a pilot basis in Africa ever since the 1984/85 drought. FEWS combines both satellite imagery and ground truth data for eight of the most vulnerable countries--Chad, Ethiopia, Mali, Mauritania, Mozambique, Niger, Senegal, and Sudan. The data from that pilot project are being factored into the implementation and design of an expanded project which may cover more African nations in the coming year.

Looking forward to the 1988/89 marketing year, the food situation should improve considerably, assuming a full recovery of food production in South Asia. However, the Sub-Sahara will continue to run an even larger food deficit than this marketing year--5.7 million tons, including stock adjustments.

Where We Stand in the Aid Effort

The United Nations' Food and Agriculture Organization estimates world cereal aid shipments in July 1987-June 1988 will total about 11.2 million tons. While this is down 7 percent from 1986/87, it is still above the 1974 World Food Conference target of 10 million tons for cereal aid shipments.

The United States continues to be the principal donor, estimated to provide about two-thirds of the total, followed by the European Community with about 15 percent, Canada with a little less than 10 percent, and Japan and Australia each with about 3 percent.

The dramatic change in the U.S. stocks situation this year has major implications for U.S. food aid programs, both domestically and overseas. The success of the Congressionally mandated effort to increase U.S. agricultural exports, coupled with other efforts to trim the costly surplus U.S. production, has greatly reduced stocks of many items in the Commodity Credit Corporation inventory. We are bringing our U.S. agriculture supply and demand situation into balance. We no longer have sufficient uncommitted government stocks of rice and dairy products available for food aid under Section 416 of the Agricultural Act of 1949, and we may soon have the same situation with regard to wheat. We anticipate continuing to have ample stocks of corn and sorghum. Also, we anticipate that the availability of all the traditional

commodities in the P.L. 480, Title II donation program will meet the needs of that program.

In other words, since agricultural commodities available for food aid are nov limited it is more important than ever that we make the best possible use of such commodities.

Over the years, what we have learned about the process of economic development has helped us to adapt existing programs and develop nev ones to get the maximum mileage out of our agricultural commodities available for food aid resources. I would like to briefly highlight some of the tools we nov have at our disposal--both the older and the never ones.

Public Law 480

The cornerstone of the U.S. food aid program is Public Law 480 or the Food for Peace Program. In the more than 30 years this law has been in existence, it has enabled the United States to meet emergency and short-term needs of hungry people around the world.

The P.L. 480 concessional sales programs under Titles I and III have been effective in economic development and in creating commercial markets for U.S. farm products. For fiscal 1988, funding for this program is $852 million, which will provide long-term concessional financing for over 5 million metric tons of agricultural commodity exports. Of course, the actual tonnage in any year depends on commodity prices which are variable.

The Title II donation program is designed to relieve both chronic, long-term food shortages in lover income developing countries and emergency food requirements arising from natural disasters such as droughts or floods, as well as manmade disasters. A large portion of Title II food assistance moves through U.S. private voluntary organizations, as well as the World Food Program. The 1988 Title II budget is $630 million, which will provide 2 million metric tons (on a grain equivalent basis) of food donations.

The Continuing Resolution (Public Law 100-202) included two requirements regarding Title II which you asked us to comment upon--an increase in the monetization level for Title II aid and an expedited review process.

As you know, it is the responsibility of USAID to develop and administer all Title II processes and procedures. The U.S. Department of Agriculture

is one member in the Interagency Food Aid Subcommittee. We can pledge our support to USAID in its efforts to meet the monetization goals set by the Congress for title II, and we also will be glad to comply with any expedited review process which USAID develops.

Local Currency Sales Initiative

The Local Currency Sales Initiative, under the authority of Title I, P.L. 480, is designed to generate economic growth through the private sector in foreign countries. To achieve this goal, sales of commodities for local currency under Title I of P.L. 480 have been reinstated. The local currencies, accruing to the U.S. government as a result of these sales, will be loaned to financial intermediaries in Title I countries, who will then lend these currencies to local private entities, primarily in the agricultural sector. In fiscal 1987, we signed local currency agreements with Sri Lanka, Tunisia, Morocco, the Dominican Republic, Jamaica and Costa Rica. The total value of local currency financing in these six countries is $40 million.

As we implement this program, we believe it will prove an effective means to stimulate the private sector in food aid recipient countries. We must, however, be realistic about the time that is needed for programs such as this to take hold. A number of countries have questioned the benefit of such a program. Some governments do not see a shortage of commercial credit as a problem. The Administration is continuing to work at promoting the benefits of this program with prospective participants and we believe we are being successful.

Food for Progress

The Food Security Act of 1985 also authorizes a "Food for Progress" program through fiscal year 1990 which seeks to use U.S. agricultural commodities in support of developing countries that have made commitments to introduce or expand free enterprise in their agricultural economies. Under this program commodities are provided to countries that will work to implement private, free enterprise agricultural policies. Commodities provided under the program would be in addition to any assistance a country normally receives from the United States. The program can be carried out with commodities made available under Section 416(b) or Title I of P.L. 480.

The first agreements under the program were signed with Guinea and

Madagascar near the end of fiscal 1986. These agreements provided 30,000 tons of rice under Section 416 to each country. The United States also agreed to make additional rice available to both countries in fiscal years 1987 and 1988, depending on the availability of U.S. commodities and the import needs of the countries. Neither country needed rice imports in 1987 and we are currently discussing provisions of the second tranche.

In Guinea, Food for Progress resources are being used to facilitate on-going agricultural reform, particularly in private sector rice pricing and market policy that should help stimulate agricultural production. In Madagascar, the program is intended to help implement broad policy reforms in support of increased private sector participation in rice marketing.

An evaluation team from the Agency for International Development found that both programs were generally successful, although in each case, recommendations for strengthening performance were made. In the case of Madagascar, the evaluation team recommended improvements in the monitoring of program implementation. In Guinea, rice price liberalization, as called for under the agreement, was not fully achieved.

For fiscal 1988, other countries have been invited to submit proposals for the Food for Progress program. We have signed one additional agreement with Ecuador.

Section 416

Section 416(b) of the Agricultural Act of 1949 authorizes the food aid program in certain circumstances of surplus agricultural commodities owned by CCC. The success of the Food Security Act of 1985 in expanding exports and bringing U.S. production into balance with demand leads us to expect that the availability of commodities for food aid under Section 416 will decline over time.

Currently, CCC dairy and rice stocks are no longer available for food aid under Section 416. Soybeans are in limited supply and only several classes of wheat remain available. Corn and sorghum are projected to remain available, however, these commodities are not normally major food aid items. The Secretary has already determined that 1.6 million tons of commodities will be available for this food aid program under Section 416 in fiscal 1988.

Conclusion

I want to note that this Administration is committed to promoting greater food security around the world. We stand ready to provide short-term food relief when emergencies occur, to the best of our resources. However, we recognize that in the long run, the world's food security rests on achieving greater productivity in the developing world and a more equitable distribution of income. As a consequence, we are giving developmental assistance and support to the private sector greater priority in our food aid programs.

That concludes my statement, Mr. Chairman. I will be glad to respond to questions.

Additional Information Requested by Members of the Committee

TO : Deputy Administrator, Commodity Operations

FROM : Director, Commodity Operations Division

SUBJECT: Responses to Questions at February 24 Hearing Before the House Select Committee on Hunger - International Task Force

Enclosed for your clearance are suggested responses to questions asked by Committee members at the subject hearing.

After your approval, the responses should clear through our Legislative Liaison Staff before being forwarded to the Foreign Agricultural Service Legislative Staff.

Enclosure

Subject: Question asked by Congressman Penny at February 24 hearing before the House Select Committee on Hunger-International Task Force

Question: Please clarify for the Committee the available supply and utilization of dairy products as it relates to the 5 billion pound trigger in the 1985 Farm Bill.

Response: Fiscal year (FY) 88 total commercial supply of milk on milk equivalent, milkfat basis, is projected at 151 billion pounds. Commercial use including ending commercial stocks is projected at 143.9 billion pounds. The difference between the total commercial supply and commercial use and stocks--7.1 billion pounds is the projected surplus. The surplus milk is removed from the market by the Commodity Credit Corporation (CCC) in the form of butter, American cheese, and nonfat dry milk (NDM). The quantities of these products that are not used in the commercial market are purchased by CCC.

The projected surplus by product and milk equivalent basis for FY 1988 is :

	Pounds Million	M.E. 1/ Billion
Butter	205	4.23
Cheese	285	2.82
NDM	580	-

1/ Milkfat equivalent factors are 20.65 for butter and 9.88 for cheese. Since butter and NDM are joint products (coming from the same 100 pounds of milk) the milk equivalent factor is zero.

Attached is a table listing dairy stocks on a milk equivalent and product weight basis projected through fiscal year 1989.

ASCS/DAD/3-2-88

DAIRY PRODUCTS: AVAILABLE SUPPLY & PROGRAM UTILIZATION

Item	Butter						Cheese						Nonfat Dry Milk		
	FY 87		FY 88		FY 89		FY 87		FY 88		FY 89		FY 87	FY 88	FY 89
	PW - product weight (million pounds) ME - milk equivalent (billion pounds) 1/														
	PW	ME	PW	ME	PW	ME	PW	ME	PW	ME	PW	ME	PW	PW	PW
Available Supplies															
Total CCC net removals	143	3.0	205	4.2	120	2.5	237	2.3	285	2.8	210	2.1	556	580	500
Total Commitments &/or deliveries at beginning of year	83	1.7	65	1.3	47	1.0	178	1.6	175	1.7	0	0	257	185	0
Total CCC supplies	420	8.7	352	7.3	167	3.4	974	9.6	558	5.5	210	2.1	1508	828	500
Total Utilization	279	5.8	307	6.3	141	2.9	723	2.5	558	5.5	187	1.8	1267	828	500
Ending Total Stocks	141	2.9	45	0.9	26	0	251	2.5	0	0	23	0.2	241	0	0
Total Committments on hand at end of year	59	1.2	45	0.9	26	0	153	1.5	0	0	23	0.2	178	0	0
Ending CCC uncommitted Inventory	82	1.7	0	0	0	0	98	1.0	0	0	0	0	63	0	0

Milk Equivalent (fat solids basis) factor for butter in pounds times 20.65
Milk Equivalent (fat solids basis) factor for cheese in pounds times 9.88
Since butter and NDM are joint products (coming from the same 100 pounds of milk) the milk equivalent factor from NDM is zero.
1/ Totals may not add due to rounding.

Subject: Question asked by Congressman Bereuter at February 24 hearing before the House Select Committee on Hunger-International Task Force

Question: What impact will the decision that was made on January 29 to not extend grain reserve loans have on the Commodity Credit Corporation's (CCC) wheat inventory and the availability of wheat for the foreign aid feeding programs?

Response: The decision to not extend grain reserve wheat loans will have a minimal impact on CCC inventory. This decision, which also included the decision to not extend regular 9-month wheat loans and Special Producer Storage wheat loans, will result in producers forfeiting approximately 96 million bushels of wheat into CCC inventory between now and June 1. As this wheat enters CCC inventory, the wheat will be made available for exchange through the use of generic commodity certificates. Therefore, the net effect on CCC inventory will be nil to minimal and should not increase the availability of wheat for the foreign-aid feeding programs.

(FAS is coordinating the responses.)

PREPARED STATEMENT OF WILLIAM H. JENSON, DIRECTOR, COMMODITY SUPPORTED DEVELOPMENT, ADVENTIST DEVELOPMENT AND RELIEF AGENCY

Mr. Chairman and Members of the House Select Committee on Hunger:

ADRA (Adventist Development and Relief Agency) is sponsored by the Seventh-day Adventist Church. I am Wm. H. Jenson, the director of commodity supported development for this agency. We thank you for this opportunity of making this presentation today.

ADRA shares with you the concern for human beings whose nutritional needs are not being met.

The International Food Policy Research Institute's (IFPRI) most recent food aid needs projection for 1990 for the 36 poorest countries (those with annual per capita incomes of less than $500) is 18 million metric tons. The United States will remain the lead country in responding to these needs. This certainly confirms the wisdom of the Congress in incrementally raising the Title II minimum tonnage in the Food Security Act of 1985. This presents a tremendous challenge to the Government of the United States and the voluntary agencies.

ADRA and its 650,000 monthly recipients of USAID PL480 commodities wants to thank Congress for the above and for the "Continuing Resolution for FY 1988" that expanded the use of funds obtained by monetization will be greatly appreciated.

What does this actually mean? Under the USAID 1987 guidelines funds from monetization were basically limited to the moving of food from point "A" to point "B" and then for the food to be doled out to waiting recipients. This did not fit the intent of Congress, ADRA's Mission Statement, nor the Private Voluntary Organizations (PVOs) and Cooperatives as a whole.

Our goals are more than just distributing food. The "Continuing Resolution for FY 1988" allows for program planning, management, monitoring, enrichment, and evaluation.

ADRA must not only help to satisfy the recipient's hunger, but also assist the individual recipient to know how to have good nutrition and to provide for his/her own family's future nutritional needs. It is also important to provide other related educational components to its food programming. It is felt that the food programs should be cooperating with the donors, the host governments and the private voluntary agencies' goals and objectives of development. We are confident that the new guidelines will provide for these.

Last week I had the privilege of attending a donors conference in Geneva sponsored by the Government of Ghana where the Republic of Ghana presented its "Programme of Actions to Mitigate the Social Costs of Adjustment" (PAMSCAD) and asked that it be supported. This plan was praised by representatives from the World Bank, IMF, UNICEF, UNDP, and others as the first solid plan of its type in Africa under the structural adjustment program. Thousands of government employees have lost or will lose their jobs in this cutback of excess employees. ADRA's assistance in providing laborers for many Public Works type activities through its Food-for-Work Program will help to take up part of the slack in the unemployment sector. (See Attachment description.) The PL480

Commodities, coming through the PVOs in this endeavor, will be a major factor in contributing to the success of the program.

Mr. Chairman, I commend Congress for broadening the monetization spectrum in the "Continuing Resolution of FY 1988." The next challenge is for the people of America through the U.S. Government to provide adequate levels of grains, dairy products and legumes through the Title II Program to select countries through the PVOs. ADRA is one of the PVOs who has considered it a privilege to be a partner with the U.S. Government in this endeavor and will continue to cooperate in every way possible.

Thank you, Mr. Chairman, for the opportunity to appear before this Committee. I will be pleased to respond to questions at the appropriate time.

Wm. H. Jenson
Adventist Development and Relief Agency
February 24, 1988

ATTACHMENT
to
Statement of Wm. H. Jenson
February 24, 1988

PROJECT	Expansion of Food-For-Work Programme in Northern Ghana Through NGOs	
SECTOR	Employment	
IMPLEMENTING AGENCY	ADRA and local NGOs in the North with District Councils	
TOTAL PROJECT COST	Cedis 445 million	US$ 2.6 million
FOOD AID	1.7 million Foreign Exchange: US$ 312,000	

Project Objectives

The expansion of Food-For-Work Projects through NGOs seeks to provide employment to the rural unemployed in the North, especially during the lean season. The projects themselves will help build and rehabilitate the economic and social infrastructure of rural communities.

Project Description

ADRA's Food-For-Work Programme is intended to support labor intensive work projects that will be conducted in the northern part of the country with food rations to be paid to workers, and with tools and materials provided for the completion of the individual projects. There will also be an education and training component of the programme, as currently operating ADRA Food-For-Work

Projects have, to train workers in basic nutrition and sanitation, and in areas directly associated with the work that they will be doing such as construction and agricultural skills. Projects are selected after a review of applications made by communities. A project committee is set up in each community, and the application is reviewed by regional co-ordinators. Villages and projects are selected on the basis of the need of the project in the area, its poverty focus, and the seriousness and commitment of the community to implement the project.

Typically, projects that are selected are small, with no more than 60 participants, although for planning purposes an average work crew size is assumed to be forty. The projects that will be selected for the Food-For-Work Programme will be in the areas of agriculture, construction, water supply and infrastructural development.

The expansion of the Food-For-Work Programme currently being imple- mented by ADRA will involve identifying additional community-based, labor intensive projects, and developing the supporting mechanisms needed for their successful completion. ADRA will work with local community-based NGOs such as Amasachina. The support mechanisms that will be developed for each project include technical, managerial and supervision, equipment and supplies, and the Food-For-Work payment procedures. ADRA anticipates this expansion of its Food-For-Work Programme to be a 33% increase over last year's. During the last year, a total of just over 600 projects were completed, with no more than 300 projects operating at the same time. As a project was completed, another was identified and begun. Under the proposed expansion, the total number of projects to be completed in a year will be about 800, with no more than 400 in progress at the same time. ADRA anticipates that the average size of the projects being undertaken in connection with this expansion will be the same as the other Food-For-Work Projects implemented by the organization, with about 40 participants each. The addition of 100 ongoing projects in the north will, therefore, provide employment for 4,000 workers. With each participant receiving food ration for a family of five, a total of 20,000 people in the north will benefit from ADRA's food commodities under the proposed expansion programme. Each worker is given a 45 kg food ration consisting of 16.5 kg rice, 25 kg soya flour and 3.5 kg edible oil each month.

As with the currently operating ADRA Food-For-Work Projects, project activity and intensity tend to vary somewhat according to seasonality. In the dry season, most of the project activity is in construction. During the rainy season, agricultural activities predominate. Moreover, there is an increase in activity during the "lean season," just before the harvest, as the shortage of food becomes more acutely felt. The schedule of projects provides for a start up period of three months, during which the administrative, staffing and support arrangements will be completed. Projects under this PAMSCAD expansion will then be identified and begun sometime in March 1988, coincident with the lean season.

An education component of the project will be established to provide workers and their families with basic information about nutrition, health and sanitation. Other educational opportunities may appear during the operation of individual projects. These areas for special education will be identified by the field staff, who will

report back to the central ADRA coordinator in Accra so that additional sessions can be developed.

Project Cost and Financing

The total project cost is estimated to be US$ 2,614,352. This entails US$ 2,012,360 in foreign exchange (of which US$ 312,360 is for overheads of 12% of the budget). The food aid is expected to be 2840 MT, at a cost of US$ 1.7 million; the local currency requirements are Cedis 10 million.

Institutional/Implementation Arrangements

The Food-For-Work Projects will be implemented by ADRA working in conjunction with local NGOs, such as Amasachina. As already stated, ADRA last year operated about 300 projects at a time in all regions of Ghana. The expansion to the proposed level of effort will mean that, on an ongoing basis, ADRA will operate about 400 projects at a time, an increase of 33% over its current level. With the addition of staff and equipment proposed in connection with this proposal, the increase is within ADRA's management capacity. The additional projects that will be operated under PAMSCAD will be conducted in the north. The implementation plan proposed will entail establishing a temporary office in Tamale to manage the increased administrative and logistical needs imposed by this extension. However, the equipment, vehicles and office space under the expansion will mostly be on a rental basis in keeping with the short term nature of the proposed expansion for ADRA.

ADRA/Ghana headquarters will coordinate the operation of this expansion; the district councils will monitor the project and report to the Social Sector Task Force.

Summary of Project Benefits and Risks

As described earlier, the beneficiaries of this project will be the unemployed and underemployed peasants and their families in the northern part of the country, and the communities where the projects are undertaken. Since many of the projects will build or improve community facilities, the beneficiaries extend beyond those who directly participate. Each project will employ an average of 40 workers for a maximum of six months. Therefore, the number of workers employed will be 4,000 equivalent full time, or 8,000 half time. The food rations will, therefore, benefit 8,000 families for a period of six months each.

The project operations will be carried out mostly using local currency and donated food.

Since NGOs normally tend to work independently, efforts should be made to facilitate the participation of local NGOs in implementing the project, and in securing funds for that purpose.

--Attachment taken from
"Programme of Actions to Mitigate
the Social Costs of Adjustment," pp. 17-19
The Government of Ghana
November 1987

PREPARED STATEMENT OF HANNAN EZEKIEL, COORDINATOR, FOOD AID RESEARCH, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

The question of the extent to which donor food aid programs are meeting the needs for food aid has acquired renewed importance at this time mainly because of the sharp increase in the extent and intensity of famine in Sub-Saharan Africa during the current year. Once again, a substantial increase in the volume of emergency food aid aimed at providing relief to those affected has become necessary. Will this additional food aid be forthcoming? With what efficiency will it be provided? These are undoubtedly important questions. Donors of food aid, including the United States, have generally been strongly responsive to emergency needs. In 1984/85, when intense famine gripped Sub-Saharan Africa, emergency food aid amounted to 3.3 million tons of cereals out of an overall total of 12.4 million tons as compared with 1.1 million tons of emergency food aid out of a total of 8.1 million tons in 1980/81, a year in which famine was less widespread. Not merely did the volume of emergency food aid thus increase from 1.1 million tons to 3.3 million tons, but its share in the total rose from 13.7 percent to 26.9 percent between the two years. It would be reasonable to expect a change in the same direction ths year as compared to the previous year, though the resulting quantity of food aid may still not be enough to meet all needs.

The question about the efficiency of food aid is more difficult to answer, though it could be assumed that some lessons have been learned from past experience. However, it seems unlikely that much can be done now to improve such efficiency for food aid aimed at the present emergency. The more relevant question is what can be done now to increase the efficiency of emergency food aid in future years and to contribute, if possible, to reductions in the frequency and intensity of famines in the future. The relationship between food aid and famine is thus more complex than is implied in the question about food aid programs meeting needs. It will be seen that if

properly understood it merges into the more general question of food aid and development.

Famine results from either a failure of food production or of income with which to buy food, but more generally of both. It is best thought of as being repetitive in nature. It is also preventible, though with considerable effort over a period of time and at high cost. Once famine has already arisen, as it has now in many parts of Sub-Saharan Africa, it may be too late to do anything more than provide the food, get it to where it is needed as fast as possible and ensure that it is properly distributed to those who need it most, that is, to feed them.

Experience with previous famines everywhere and even with the widespread famine of 1984/85 in Sub-Saharan Africa has shown clearly that while emergency food aid provided in this manner does save many lives, it is necessarily inefficient and ineffective. It is inefficient because the costs involved in moving large amounts of food at short notice into the interior areas where it is required is extremely high in countries with poor transportation and administrative systems. It is ineffective because much of it is provided, perforce, in large feeding camps often situated hundreds of miles away from their homes to people who have suffered acute social, economic, emotional and physical trauma. They have had to leave their villages and homes. They have usually lost all their assets including seed grain for the next crop. They have seen their loved ones die of hunger and disease. They are themselves emaciated and weak and prone to disease, so that many die in the camps built for them at high cost in spite of medical attention. More than anything else they have lost their self-respect and the self-confidence necessary to function as strong agents in promoting their own future development.

One lesson that has been derived from this experience is that there is need for greater famine preparedness. The view underlying this concept is that famine is inevitable and what is necessary is to prepare in advance to deal with it when it comes. Within some limited time horizon, which might itself be quite extensive if

nothing else is done, famine is in fact inevitable in most of the countries concerned. Therefore, the concept of famine preparedness is in itself sound. However, it suffers from the danger that it may become an end in itself. There is the even greater danger that some individual components of a program of famine preparedness may also become ends in themselves and may be implemented at high costs without regard to the alternative uses to which the scarce resources that are utilized in them could be put.

Two components of famine preparedness have been stressed by international organizations, bilateral donors, and others interested in the issues. One is the creation of what are known as advance warning systems and the other is the holding of domestic food stocks.

Advance warning systems are information systems set up to provide advance warning of impending crop failures. In some famines, the first indication of famine has been the arrival of destitute and dying famine victims in the metropolis. By monitoring rainfall and other indicators and making available at least rough indications of likely requirements, such systems increase the time available for preparation for any impending famine. However, such systems are expensive, particularly when they are artificially superimposed on an economy in which normal administrative arrangements in the affected areas are minimal in nature. In any case, if the early information available is not acted upon it is not likely to be very useful. Some improvement in the efficiency of food aid may result, but whether there is any improvement in the effectiveness of food aid in protecting famine victims depends ultimately on how the food aid is used.

Food stocks to deal with likely famines appear to be more practical. However, they are expensive to create and maintain. Under conditions prevalent in most developing countries, food losses in storage tend to be high. These costs rise if the frequency of famines is low but ensuring that they are continuously replenished may be more difficult if the frequency of famines is high. Food aid may not always be available for building such stocks even though such stocks reduce the need for emergency food aid. Limited stocks are

helpful in buffering the impact of famine and extending the time limit within which food aid must come in but beyond a point they tend to prove uneconomic. In any case, it is well known that variability of production is usually smaller for a group of countries than the sum of the production variabilities of the countries in the group. Smaller stocks would thus be required by a group of countries if they could hold them jointly. However, this is difficult. This makes it sensible for emergency food aid to play the role of domestic food stocks in each country beyond a point. The issue is how to ensure that such food aid reaches the needy country in time. The idea of pre-positioning of food aid stocks in selected countries in a region for use in that region is sensible from this point of view.

Given the availability of food aid and the existence of some food stocks within the country, the effect of emergency food aid depends ultimately on how efficiently the country's administration can gear up to the existence of famine. The less ad hoc the response, the more efficient the response will be. Yet, if famines occur from time to time only, it would not be economic for the country to maintain a full-time famine administration permanently in order to have famine preparedness. What is necessary is that suitable administrative arrangements for dealing with famine are formulated in advance in such a way that they can be energised at short notice in the face of a famine.

Inadequate attention has so far been given to such arrangements, which should in my view form a critical component of famine preparedness. India's experience in formulating and implementing the Indian Famine Code -- first issued well before the turn of the century -- could provide some useful guidelines in this connection. However, the actual arrangements would have to be tailored to existing conditions in each country -- the existing administrative set-up, the nature and extent of transportation and other infrastructure, and local and regional arrangements within the country. In view of the important role that advance administrative arrangements for famine could play in improving the efficiency of

famine operations, donors should consider providing assistance to affected countries in formulating such arrangements. Even if advance administrative arrangements are made, advance warning systems set up and some famine-related food stocks maintained, famine preparedness would continue to suffer from one weakness. It would continue to treat the problem of famine relief as primarily one of feeding the population. This is surprising because the concept of famine relief works is many centuries old and certainly finds a place in the earliest versions of the Indian Famine Code.

The basic concept of famine works is to provide the affected population with employment during famines and either pay them in food or make the food available for sale if payment is made in money. Thus, the people retain their self-respect since they work for a living in the unfortunate situation created by the famine. What is equally important, they thus help to create infrastructure assets such as roads, tanks, wells, irrigation channels or drainage systems, that contribute to faster growth and greater stability in production in the future. If famine works are to be implemented during a famine, they must have been planned and designed before the famine occurs. The administration for managing them must be in place or arrangements must exist to set it up quickly when needed.

To be most effective, such public works must be implemented in the areas affected by famine. This would have two types of benefits. One, the suffering and losses caused by those affected by famine having to trek long distances to feeding camps would be avoided and the people would, therefore, be healthy and capable of efficient work. Two, the assets would be created in the affected areas and thus make a contribution to increasing incomes and to reducing the intensity and frequency of famines in the same areas in future years. Food aid used for famine relief in this way would thus also play a role in promoting economic development in general and famine prevention in particular in those areas.

It is true that this approach would involve costs in addition to the food provided as aid. However, emergency food aid provided in an

ad hoc manner for feeding in camps situated long distances away from the villages of those affected also has many other costs to donors that are equally large if not larger. This does not take into account the costs -- both economic and other -- suffered by recipients under the existing system, which they would avoid if public works programs are set up in or near their villages.

Any scheme for wholesale implementation of a program of famine works along these lines may face several special difficulties in addition to those normally associated with rural public works. Advance preparation of projects may be difficult for uncertain implementation during a famine. The proportion of projects that remain incomplete at the end of a famine may be high. Most incomplete projects may suffer deterioration and damage by the time they can be taken up again in the next famine that affects the same area. Mobilising management and materials for each such project in addition to food may be extremely difficult for an ad hoc organization brought into existence only when a famine is already expected that year.

These difficulties can be resolved if two features of the situation are recognized. One, the need for strengthening the infrastructure for development in general and famine prevention in particular is so great that it cannot be met only by famine works. Two, the need for employment, income and food consumption arising during a famine is similar in kind (though much larger in degree) to the need that exists seasonally in all years.

If these two features are considered together a public works program can be made a regular arrangement supported by food aid and other resources. This could then provide seasonal employment in all years and famine employment in some years, expanding and contracting as needed, while continuously creating the infrastructure so badly needed in most of rural Sub-Saharan Africa. A permanent organization would be created for this purpose that would be intimately involved in the development process in the rural areas. Without such an organization, including a strong developmentally oriented district administration and cooperating local institutions, it would be

extremely difficult in any case to bring about any development and handle famine properly.

This is not an impractical dream. It has in fact been implemented in many parts of India.

In the state of Maharashtra, this has taken a specially organized form through the Maharashtra Employment Guarantee Scheme. I am engaged on a study of this scheme at the International Food Policy Research Institute and have come to believe that it would be extremely desirable to try to replicate the scheme in selected countries of Sub-Saharan Africa, even if in a somewhat altenuated form, with the support of food aid.

The Employment Guarantee Scheme (EGS) of the state of Maharashtra in India has been in operation in the rural areas of all districts of the state for over 12 years. During the year 1984/85, the scheme provided about 600,000 man-years of employment to those needing employment in the rural areas of the state, and executed about 15,000 works of rural infrastructure and other projects. In 1984/85 alone, Rs 2 billion (about $160 million) were spent on the scheme.

The magnitude of the scheme, the organization and management behind it, the long period of its operation and its relative success has made this scheme a very important development project in India and an exceptional development effort in the world. The scheme provides a significant local area alternative of employment especially to those seasonally and periodically unemployed in the rural areas or facing acute problems due to famine. It thus helps to stabilize their incomes and food consumption. By using the labor as a resource for infrastructure development the scheme also makes a lasting contribution to permanent improvement in the employment and income potential of the area and in the stability of food consumption.

The critical feature of the Employment Guarantee Scheme is that it provides a legal guarantee of employment in unskilled labor on construction activity at a reasonable wage to any adult male or female in rural areas throughout the state of Maharashtra. The

effect of the guarantee is that the volume of employment under the scheme is determined by the numbers of those offering themselves for employment. Officials do not decide whether or not to start employment projects but only which projects to implement. The volume of EGS employment thus provides an accurate reflection of the need for employment at any given time as it expands and contracts flexibly in response to need.

The levels of and trends in EGS employment, the seasonal fluctuations that occur in it even in a normal year and the sharp contraseasonal increases that occur in it in drought or famine years, all provide automatic indicators of the varying needs of the people in different areas for income and for food that would otherwise remain unsatisfied. The Maharashtra EGS is thus a most powerful instrument for ensuring food security since it covers all types of food insecurity -- structural, seasonal and emergency (or famine).

By providing employment on rural infrastructure works to those needing it, the scheme automatically converts the potential resource represented by unemployed labor into assets that can contribute in general to development in the rural areas and in particular to the prevention of famine. Since officials are required to implement rural infrastructure projects whenever and wherever they are required to meet employment needs, they must necessarily put large numbers of different types and sizes of projects together in advance so that they can be pulled out for implementation at short notice.

This makes a very important contribution to famine preparedness. As increasing numbers of persons ask for employment under famine conditions, the automatic implementation of such projects prevents the mass migrations of hungry people to relief camps located hundreds of miles away or to the cities in search of employment, income and food. In this way, the adverse nutritional and socio-economic effects of famine are prevented. Food supplies may still have to be made available where they are needed. However, the rising volume of contra-seasonal employment provided under EGS gives an adequate warning about the need to ensure such supplies. And the actual

distribution of the food can take place through the market, supported where necessary by a system of fair price shops.

The fact that large numbers of projects have to be put together in advance if the scheme is to work creates a very favorable environment for rural development. The administration at the district level has to be strengthened so that it can implement different types of projects and be flexible enough to expand and contract these projects in response to the people's need for employment. An institutional apparatus has to be developed to ensure proper selection, design and management of projects with the maximum participation of the local population in the decision making process. With such large resources being involved in a continuous process over a period of time and with so many projects needing to be drawn up, conditions become favorable for systematic studies to be undertaken to determine local and regional needs for infrastructure and to integrate them into plans for development and famine prevention.

In Sub-Saharan Africa, special recognition will have to be given to the widespread lack of information about local conditions. Infrastructure tends to have its most powerful effect in stimulating development when it is properly related to local economic conditions and combined with existing assets and a variety of developmental programs within the context of a local area. This requires an area approach to famine and development with the support of food aid. IFPRI is also planning studies of this approach in selected countries in Sub-Saharan Africa.

Food aid can support such an area approach to a flexible program of rural public works to meet seasonal as well as famine needs for employment, income and food. This would require an integration between program and project food aid, between emergency and non-emergency food aid and finally between food aid and financial aid. Moving in this direction would help donors of food aid, including the United States, to strengthen the effectiveness with which food aid meets the need for food.

It is important in this connection to note that if considered in the context of development, the scope for program food aid itself can

be shown to be much larger than is generally believed. If larger program food aid is provided, the additional counterpart funds generated could be used to provide the financial support that rural public works require in addition to project food aid if they are to be effective. An enlarged and effective program of integrated rural public works and development programs, based on an area approach and supported by a large volume of project and program food aid (as well as emergency food aid during famines) would make a powerful contribution to both famine preparedness and famine prevention. Food aid would then be larger in volume. More important, it would also be more effective in achieving its objectives.

[Submitted by Brian P. Crowley, Senior Associate Director, U.S. General Accounting Office]

United States General Accounting Office

GAO

Fact Sheet for the Chairman,
Select Committee on Hunger,
House of Representatives

February 1988

FEDERALLY OWNED DAIRY PRODUCTS

Inventories and Distributions, Fiscal Years 1982-88

GAO/RCED-88-108FS

GAO

United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-230435

February 23, 1988

The Honorable Mickey Leland
Chairman, Select Committee on
Hunger
House of Representatives

Dear Mr. Chairman:

In response to your November 25, 1987, request, and as subsequently discussed with your staff, this fact sheet presents information for 1982 through 1988[1] on the U.S. Department of Agriculture's (USDA) (1) inventory of dairy products and (2) distribution of those products through various sales and donations programs. As requested, distribution information focuses on the Temporary Emergency Food Assistance Program (TEFAP) and compares dairy product donations under TEFAP with sales and donations under USDA's other distribution programs.

Some highlights from the inventory data include:

-- Total milk marketed in the United States increased from 135 billion pounds in 1982 to 146 billion pounds in 1986, declined to 142 billion pounds in 1987, and is projected at 145.5 billion pounds in 1988.

-- USDA's purchases of milk and dairy products (primarily nonfat dry milk, cheese, and butter) declined from 14 billion pounds in 1982 to 5 billion pounds in 1987 and are projected at 7 billion pounds in 1988.

-- USDA's dairy product inventories (beginning inventories and purchases) declined between 1982 and 1987 and are projected to decline further in 1988. For example, the cheese inventory declined from 1.2 billion pounds in 1982 to 993 million pounds in 1987 and is projected at 558 million pounds in 1988.

-- USDA's year-end uncommitted inventories of dairy products from which TEFAP distributions can be made declined between 1982 and 1987 and are projected to be zero at the end of 1988.

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[1]Yearly information presented in this fact sheet is on a fiscal year basis. Also, 1982 through 1987 data are actual amounts, and 1988 data are USDA-projected amounts.

B-230435

USDA distributes its dairy product inventory through (1) programs which contain mandated minimum requirements, such as the Commodity Credit Corporation's export sales, and (2) other programs which do not contain minimum requirements. The latter category covers traditional distribution programs, such as the school lunch program, and other donation programs, such as TEFAP.

Some highlights from the distribution data include:

-- Total dairy product distributions under USDA's sales and donations programs increased between 1982 and 1987 but are projected to decline in 1988. For example, nonfat dry milk committed for distribution increased from 529 million pounds in 1982 to 1.3 billion pounds in 1987 but are projected at 828 million pounds in 1988.

-- TEFAP was established to assist in reducing USDA's inventory levels by donating surplus commodities to the nation's needy. Large amounts of dairy products were donated under TEFAP between 1982 and 1987. For example, 2.3 billion pounds of cheese, 387 million pounds of nonfat dry milk, and 615 million pounds of butter were donated under TEFAP during that 6-year period. Cheese and nonfat dry milk donations under TEFAP are projected to decrease in 1988 compared with 1987, while butter donations are projected to increase slightly. In January 1988, USDA officials also projected that, with the decline of its dairy product inventories, all dairy product donations under TEFAP will end after April 1988.

This fact sheet is divided into three sections. Section 1 contains information on USDA's purchases of dairy products between 1982 and 1988. Section 2 contains information on USDA's available inventory, distributions, and year-end uncommitted inventory for dairy products between 1982 and 1988. Section 3 contains information on USDA's available inventory and distributions under the major sales and donations programs for 1987 and 1988, including a description of the major distribution programs.

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The data in this fact sheet came primarily from USDA's Agricultural Stabilization and Conservation Service. Information was also obtained from USDA's Food and Nutrition

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Service and Foreign Agricultural Service. We did not independently verify the data provided by these agencies. However, Agricultural Stabilization and Conservation Service officials informally reviewed a draft of the inventory and distribution material contained in this fact sheet and agreed to its accuracy.

As you requested, this fact sheet will be restricted for one day after which copies will be sent to the Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, and to the Chairman of the House Committee on Agriculture. Copies will also be sent to the Secretary of Agriculture; the Administrators of the Agricultural Stabilization and Conservation Service, the Food and Nutrition Service, and the Foreign Agricultural Service; the Director, Office of Management and Budget; and other interested parties. Copies will be available to others upon request. If we can be of further assistance, please contact me at (202) 275-5138.

Major contributors to this fact sheet are listed in appendix I.

Sincerely yours,

Brian P. Crowley
Senior Associate Director

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ABBREVIATIONS

ASCS	Agricultural Stabilization and Conservation Service
CCC	Commodity Credit Corporation
GAO	General Accounting Office
RCED	Resources, Community, and Economic Development Division
TEFAP	Temporary Emergency Food Assistance Program
USDA	U.S. Department of Agriculture

SECTION 1

USDA'S PURCHASES OF DAIRY PRODUCTS, 1982-88

This section provides detailed information on the U.S. Department of Agriculture's (USDA) purchases of milk and dairy products between 1982 and 1988.[1] Table 1.1 compares (1) the total amount of milk marketed in the United States, (2) the commercial supply, and (3) the amount that was purchased by USDA. Figures 1.1 and 1.2 show the increasing trend in milk marketed and the decreasing trend in USDA purchases, respectively, during the 7-year period.

[1]Yearly information presented in this fact sheet is on a fiscal year basis. Also, 1982 through 1987 data are actual amounts, and 1988 data are USDA-projected amounts.

Table 1.1
Total Milk Marketed in the United States and USDA Purchases, 1982-88

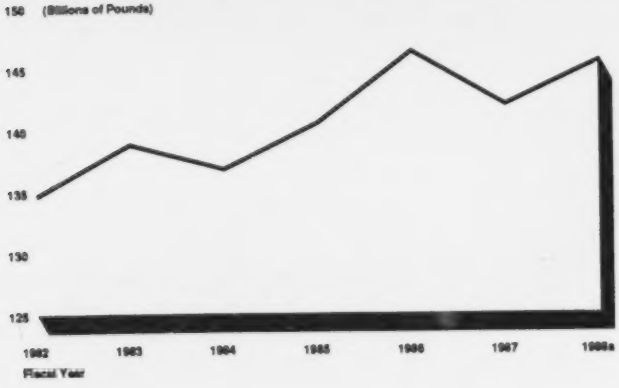
	1982	1983	1984	1985	1986	1987	1988
	(billions of pounds)						
Milk marketed	134.7	138.8	136.8	140.5	146.3	142.0	145.5
Commercial supply[a]	120.9	122.2	126.4	129.0	134.0	136.6	138.4
USDA purchases of milk and dairy products[b]	13.8	16.6	10.4	11.5	12.3	5.4	7.1
	(percent)						
USDA purchases as a percentage of total milk marketed	10.2	12.0	7.6	8.2	8.4	3.8	4.9

[a]Commercial supply amounts exclude beginning stocks from the prior year and imported stocks.

[b]Primary dairy products are cheese, butter, and nonfat dry milk.

Source: Agricultural Stabilization and Conservation Service (ASCS).

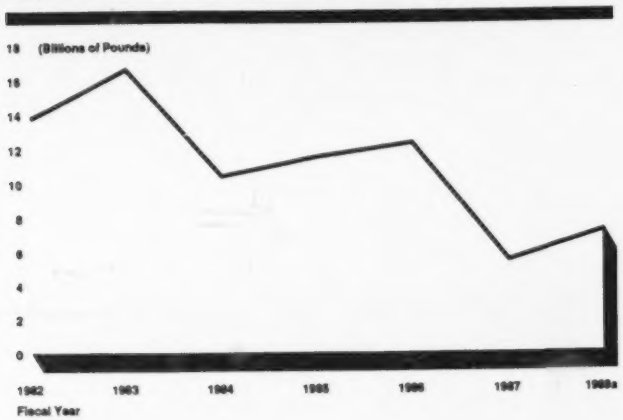
Figure 1.1
Total Milk Marketed in the United States, 1982-88



a USDA projection.

Source: ASCS.

Figure 1.2
USDA's Purchases of Milk and Dairy Products, 1982-88



a USDA projection.

Source: ASCS

SECTION 2

USDA'S INVENTORY, DISTRIBUTIONS, AND YEAR-END UNCOMMITTED INVENTORY OF DAIRY PRODUCTS, 1982-88

This section provides detailed information on USDA's inventory, distributions, and year-end uncommitted inventory of dairy products between 1982 and 1988. Table 2.1 compares USDA's inventory, distributions, and year-end uncommitted inventory for the three primary dairy products--cheese, nonfat dry milk, and butter. Table 2.1 also shows the amount of Temporary Emergency Food Assistance Program (TEFAP) donations and the total amount of non-TEFAP sales and donations. Figures 2.1 and 2.2 show the decreasing trends in USDA's inventories, while figure 2.3 shows the trend in distributions during the 7-year period. Figures 2.4 through 2.6 show TEFAP donations and non-TEFAP distributions of cheese, nonfat dry milk, and butter, respectively, during the 7-year period.

Table 2.1
USDA's Dairy Product Inventory, Distributions, and Year-end Uncommitted Inventory, by Product, 1982-88[a]

Dairy commodity	1982	1983	1984	1985	1986	1987	1988
	(millions of pounds)						
Cheese:							
Total inventory[b]	1,165	1,657	1,474	1,358	1,229	993	558
Distributions[c]							
TEFAP	142	393	511	434	413	416	245
Non-TEFAP	225	300	246	230	224	326	313
Total	367	692	757	664	637	742	558
Ending uncommitted inventory[d]	825	903	768	657	559	99	0
Nonfat dry milk:							
Total inventory[b]	1,765	2,218	2,114	2,033	1,927	1,509	828
Distributions[c]							
TEFAP	7	32	74	82	93	99	56
Non-TEFAP	522	792	802	922	1,099	1,169	772
Total	529	824	876	1,004	1,191	1,268	828
Ending uncommitted inventory[d]	1,177	1,346	1,204	981	697	63	0
Butter:							
Total inventory[b]	600	812	633	548	477	422	352
Distributions[c]							
TEFAP	20	163	176	118	71	67	72
Non-TEFAP	166	252	271	317	201	212	235
Total	186	415	447	436	272	279	307
Ending uncommitted inventory[d]	403	391	255	140	194	82	0

[a]1982-87 amounts are actual; 1988 amounts are projected. Total may not add due to rounding.

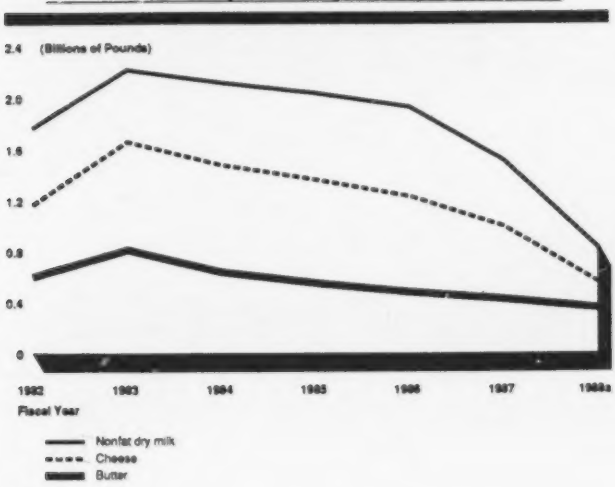
[b]Total inventory does not include committed inventories for 1982 through 1986.

[c]Includes both delivered and nondelivered sales and donations.

[d]Ending uncommitted inventory generally differs from total inventory, less disposition due to inventory adjustment.

Source: ASCS.

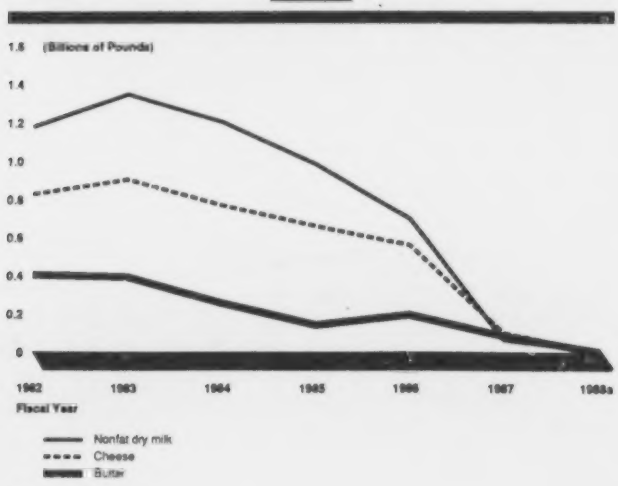
Figure 2.1
USDA's Inventory of Dairy Products, 1982-88



a USDA projection.

Source: ASCS.

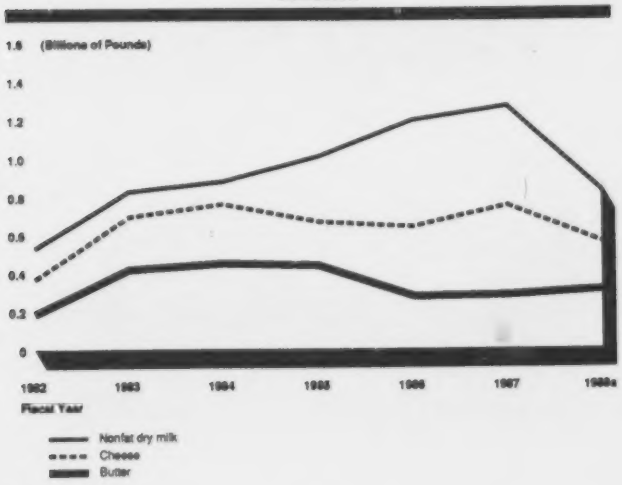
Figure 2.2
USDA's Year-end Uncommitted Inventory of Dairy Products, 1982-88



a USDA projection.

Source: ASCS.

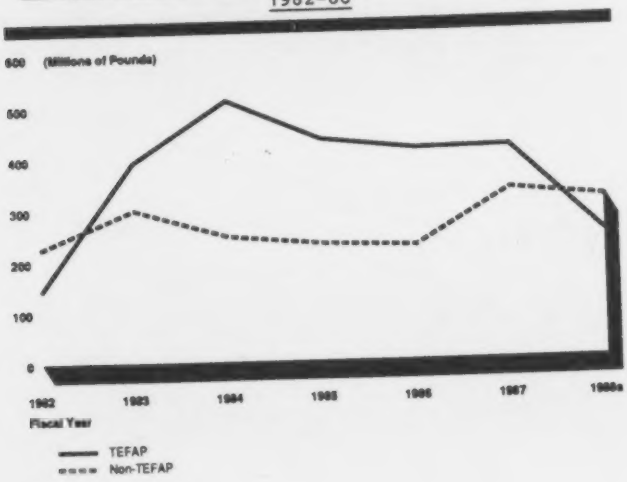
Figure 2.3
USDA's Distributions of Its Dairy Product Inventory, 1982-88



a USDA projection.

Source: ASCS.

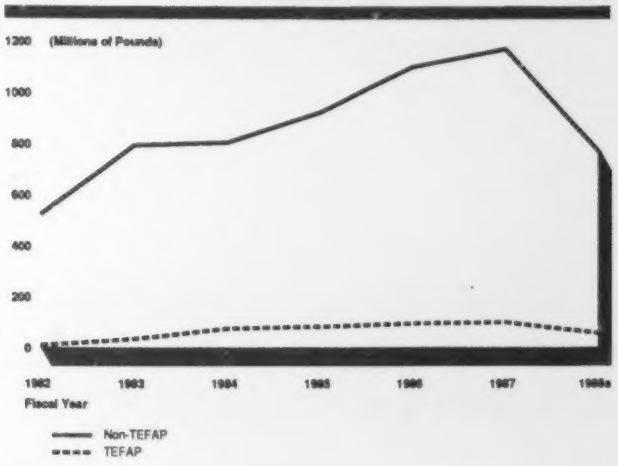
Figure 2.4
USDA's TEFAP and Non-TEFAP Cheese Distributions, 1982-88



a USDA projection.

Source: ASCS

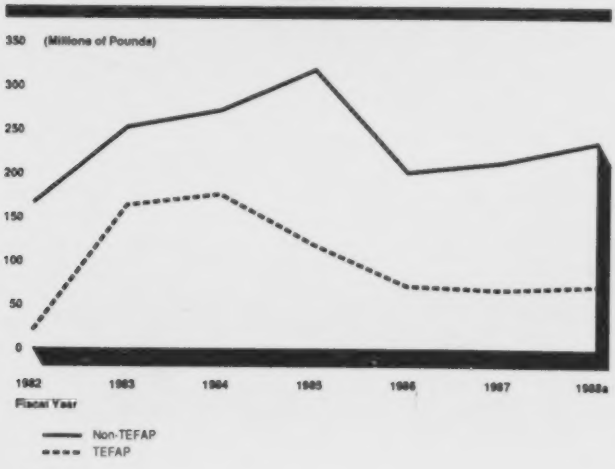
Figure 2.5
USDA's TEFAP and Non-TEFAP Nonfat Dry Milk Distributions, 1982-88



a USDA projection.

Source: ASCS

Figure 2.6
USDA's TEFAP and Non-TEFAP Butter Distributions, 1982-88



a USDA projection.

Source: ASCS.

SECTION 3

USDA'S INVENTORY AND DISTRIBUTIONS OF DAIRY PRODUCTS UNDER THE MAJOR SALES AND DONATIONS PROGRAMS, 1987 AND 1988

This section provides detailed information on USDA's inventory and distributions of dairy products under the major sales and donations programs during 1987 and 1988, including a description of the major distribution programs. Sufficient dairy product inventories were available in 1987 to meet program distribution requests. However, 1988 inventories are projected to be significantly less than in 1987 and, as a result, 1988 distributions are projected to be significantly less than in 1987. Table 3.1 compares, during 1987 and 1988, USDA's inventory and distributions under the major sales and donations programs for cheese, nonfat dry milk, and butter. Figures 3.1 shows the total amount of dairy products distributed during the 2 years for each major distribution category. Figures 3.2 through 3.4 show cheese, nonfat dry milk, and butter distributions, respectively, by major distribution category.

USDA distributes dairy products under various domestic and foreign sales and donations programs. These programs are briefly described below along with USDA's 1988 distribution projections.

DOMESTIC SALES

There are two categories of domestic sales--unrestricted and restricted.

Unrestricted Sales

Section 407 of the Agricultural Act of 1949, as amended, authorizes the Secretary of Agriculture to sell dairy commodities owned by USDA's Commodity Credit Corporation (CCC) only at prices above the acquisition price for unrestricted use. USDA projected that there would be no sale of cheese, nonfat dry milk, or butter under this authority in 1988.

Restricted Sales

Section 407 of the Agricultural Act of 1949, as amended, also authorizes the Secretary of Agriculture to sell commodities that have deteriorated and are not fit for human consumption. USDA projected that 13 million pounds of nonfat dry milk will be sold for animal feed in 1988.

EXPORT SALES

There are three categories of export sales--CCC sales to foreign buyers, export incentive program sales, and sales to Department of Defense overseas facilities.

CCC Sales

Section 1163 of the Food Security Act of 1985 requires the Secretary of Agriculture to sell a minimum of 150,000 metric tons of CCC-owned dairy products in export markets per year. The CCC sales are to be at least 20,000 metric tons of cheese (about 44 million pounds) and 100,000 metric tons of butter (about 220 million pounds). The sales are not to (1) interfere with the normal marketing by the United States of these products, (2) disrupt world prices, and (3) disrupt normal patterns of commercial trade. The authority for these sales is scheduled to expire on September 30, 1988. USDA projected that 55 million pounds of cheese, 373 million pounds of nonfat dry milk, and 70 million pounds of butter will be distributed in 1988, involving 1988 and the prior year's sales.

Export Incentive Program Sales

Section 153 of the Food Security Act of 1985 requires CCC to operate an export incentive program. The act does not specify the minimum amount of dairy products, or the mix of dairy products, to be sold in the program. According to USDA officials, CCC sales have a higher priority than export incentive program sales because the Food Security Act of 1985 specifies a minimum sales amount for CCC sales while there is not a minimum amount specified for export incentive program sales. The authority for the export incentive program is scheduled to expire on September 30, 1989. USDA projected that 5 million pounds of cheese, 60 million pounds of nonfat dry milk, and 3 million pounds of butter will be sold in 1988.

Department of Defense Sales

According to USDA officials, sales to the Department of Defense are made so that domestically produced dairy products are available for resale to military personnel and their dependents in commissaries and post exchanges overseas. USDA projected that 4 million pounds of cheese and 5 million pounds of nonfat dry milk will be sold in 1988.

DOMESTIC DONATIONS

There are five categories of domestic donations--TEFAP, school lunch/child feeding, charitable institutions, the Department of Defense and the Veterans Administration, and the Bureau of Prisons.

TEFAP

Section 202 of the Temporary Emergency Food Assistance Act of 1983, as amended, requires the Secretary of Agriculture to donate CCC-owned commodities to eligible recipient agencies. Distributions under this authority are to be made to the extent that the commodities are in excess of quantities needed for various specified purposes, including carrying out other domestic donation programs and meeting international development and food aid commitments. USDA projected that 245 million pounds of cheese, 56 million pounds of nonfat dry milk, and 72 million pounds of butter will be donated in 1988. According to USDA officials, all dairy product donations under TEFAP will end after April 1988 because of the decline in dairy product inventories.

School Lunch/Child Feeding

The school lunch/child feeding category includes donations under the National School Lunch, School Breakfast, Child Care Feeding, and Summer Food Service Programs. Section 416(a) of the Agricultural Act of 1949, as amended, authorizes the Secretary of Agriculture to donate CCC-owned commodities to the school lunch/child feeding programs. Section 6 of the National School Lunch Act, as amended, requires USDA to provide states with a minimum level of commodity assistance for schools and to make up any shortfall in that assistance with cash. In addition, section 1114 of the Agriculture and Food Act of 1981, as amended, requires CCC to donate commodities, which are not likely to be sold or otherwise used, to nutrition projects under various other acts and programs. USDA projected that 204 million pounds of cheese, 31 million pounds of nonfat dry milk, and 90 million pounds of butter will be donated in 1988.

Charitable Institutions

The charitable institutions category includes donations to soup kitchens, hospitals, special care homes, and state and local rehabilitative prisons. Section 416(a) of the Agricultural Act of 1949, as amended, authorizes the Secretary of Agriculture to donate CCC-owned commodities to eligible charitable institutions. USDA projected that 29 million pounds of cheese, 15 million pounds of nonfat dry milk, and 40 million pounds of butter will be donated in 1988.

Department of Defense and Veterans Administration

Section 202 of the Agricultural Act of 1949, as amended, authorizes USDA to make distributions of CCC-owned dairy products to the Department of Defense and the Veterans Administration at no cost, except packaging. USDA projected that 6 million pounds of cheese and 5 million pounds of butter will be donated in 1988.

Bureau of Prisons

Section 210 of the Agricultural Act of 1956 authorizes the Secretary of Agriculture to donate food to the Bureau of Prisons. Federal penal and correctional institutions and state correctional institutions for minors are eligible to receive dairy products. USDA projected that 1 million pounds of cheese and 3 million pounds of butter will be donated in 1988.

FOREIGN DONATIONS

There are two categories of foreign donations--Public Law 480 (Title II) and section 416(b) of the Agricultural Act of 1949, as amended.

Public Law 480 (Title II)

USDA distributes dairy products to nonprofit agencies, such as the Cooperative for American Relief Everywhere and the Catholic Relief Services, under the authority of Public Law 480. This authorization has existed since 1954. Title II specifies that a minimum of 1.9 million tons of commodities are to be distributed annually during fiscal years 1987 through 1990. The types of commodities are not specified in the authorization. USDA provides mostly grains to meet the requirement. USDA projected that 125,000 tons, or 250 million pounds, of nonfat dry milk will be donated in 1988.

Section 416(b)

According to USDA officials, section 416(b) of the Agricultural Act of 1949, as amended, was reinstated in 1983 because of the large surpluses of dairy products. Under this act, USDA distributes dairy products to private voluntary organizations, providing those distributions do not reduce the amounts available for domestic donation programs. USDA-projected distributions for 1988--9 million pounds of cheese, 25 million pounds of nonfat dry milk, and 24 million pounds of butter--were contracted in 1987. USDA projected no additional donations in 1988.

Table 3.1
USDA's Dairy Product Inventory and Distributions by Sales and Donations Categories, by Product, 1987-88

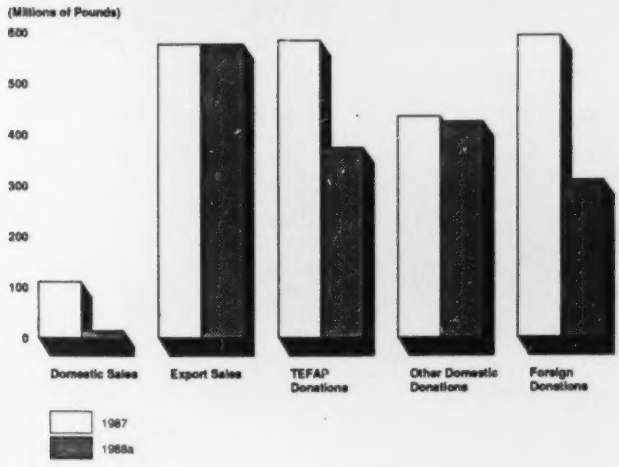
	Cheese		Nonfat Dry Milk		Butter		Total	
	1987	1988	1987	1988	1987	1988	1987	1988
	(millions of pounds)							
Total inventory	993	558	1,509	828	422	352[a]	2,924	1,738
Distributions								
Domestic sales:								
Unrestricted	19	0	1	0	2	0	22	0
Restricted	0	0	87	13	0	0	87	13
Total	19	0	88	13	2	0	109	13
Export sales:								
Commodity Credit Corporation[b]	13	55	514	373	34	70	561	498
Export Incentive Program	0	5	0	60	0	3	0	68
Department of Defense	3	4	6	5	5	0	14	9
Total	16	64	520	438	39	73	575	575
Domestic donations:								
TEFAP	416	245	99	56	67	72	582	373
Other domestic								
School lunch/child feeding	204	204	32	31	89	90	325	325
Institutions	42	29	18	15	38	40	98	84
Department of Defense and Veterans Admin.	4	6	0	0	1	5	5	11
Bureau of Prisons	2	1	1	0	3	3	6	4
Total other	252	240	51	46	131	138	434	424
Total								
Foreign donations:								
Public Law 480 (Title II)	4	0	325	250	3	0	332	250
Section 416[b]	35	9	185	25	39	24	259	58
Total	39	9	510	275	42	24	591	308
Total dispositions	742	558	1,268	828	281	307	2,291	1,693

[a]Amount includes 45 million pounds committed for distribution in 1989.

[b]Includes amounts contracted in 1987 for delivery in 1988.

Source: ASCS.

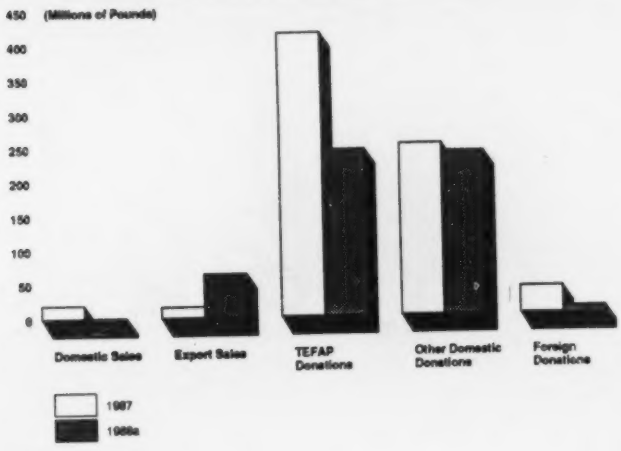
Figure 3.1
USDA's Distributions of Its Dairy Product Inventory, by Major Distribution Category, 1987-88



a USDA projection

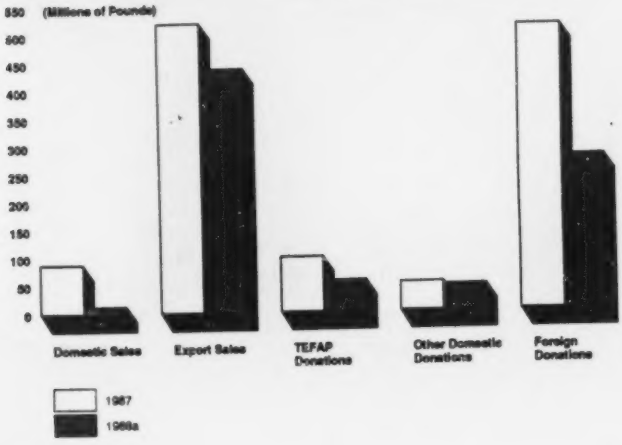
Source: ASCS.

Figure 3.2
USDA's Cheese Distributions, by Major Distribution Category, 1987-88



Source: ASCS.

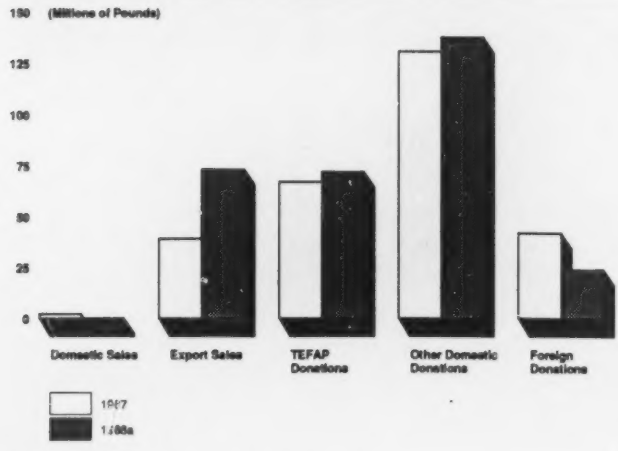
Figure 3.3
USDA's Nonfat Dry Milk Distributions, by Major Distribution Category, 1987-88



a USDA projection.

Source: ASCS.

Figure 3.4
USDA's Butter Distributions, by Major Distribution Category, 1987-88



a USDA projection.

Source: ASCS.

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Question Submitted by Hon. Tony P. Hall, a Representative in Congress From the State of Ohio, Response From U.S. AID

Vitamin A Fortification

Question. Although other Public Law 480 commodities are fortified with vitamin A and/or mineral pre-mixes, it has been reported to us that the levels are not high enough to adequately supplement the diet of the recipient in order to reduce vitamin A deficiency levels. Could you advise us of existing levels of fortification of other commodities in comparison to nonfat dry milk, and the extent to which these commodities are consumed by at-risk populations in selected countries?

Answer.

All of the Title II blended foods (corn soy milk (CSM), instant corn soy milk, and wheat soy milk), which were specifically designed for young children, are fortified with a vitamin/mineral premix containing approximately 2,000 I.U. of Vitamin A per 100 grams. In addition, three commodities (bulgur, soy-fortified bulgur, and soy-fortified sorghum grits) were recently reformulated to include the vitamin/mineral premix, because these commodities tended to be used in countries with serious nutritional problems. USDA and A.I.D. are currently looking at the technical feasibility and cost implications of increasing the Vitamin A levels, even in these foods, recognizing the importance of this vitamin in the diets of young and malnourished children and pregnant and lactating women.

The second point is that one cannot really compare the Vitamin A content of nonfat dry milk (NFDM) with a commodity like CSM because these commodities are used and consumed in different ways by our target populations. Our nutritional advisors have recommended that NFDM be added in its dry form to traditionally prepared dishes to increase the protein content of the diet. Many young children would not receive 100 grams of NFDM a day but may receive 100 grams of CSM, particularly in on-site feeding programs. In fact, by programming the vitamin enriched fortified and blended foods as a replacement for NFDM, it may insure that the targeted population is actually receiving more of the Vitamin A in its diet.

It is important to remember that the guidance for developing Title II programs emphasizes that our foods are not supposed to provide 100 percent of any nutritional requirement but should be treated as a supplement to the locally available foods.

In countries where Vitamin A deficiencies are prevalent, A.I.D. is supporting a variety of interventions including needs assesssments, Vitamin A capsule distribution programs, and training and education programs in addition to providing food.

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